6407. By Mr. KINDRED: Petition of Forest Hills Post, No. 630, American Legion, urging the Congress of the United States to pass an amendment to the World War veterans' act of 1924 which will permit a veteran to name a bank or trust company to act as his trustee in order to distribute the proceeds of his war risk insurance in accordance with his wishes; to the Committee on World War Veterans' Legislation.

6408. By Mr. KVALE: Petition of members of the American Legion Auxiliary of Walter Tripp Post, No. 29, Morris, Minn., urging passage of the Butler bill (H. R. 7359); to the Committee on Naval Affairs.

6409: By Mr. LINDSAY: Petition of chamber of commerce, Los Angeles, Calif., praying that a brief submitted by said body to the chairman of the Senate Committee on Commerce and the chairman of the House Committee on the Merchant Marine and Fisheries, outlining the attitude of the Los Angeles Chamber of Commerce on the subject of American merchant marine, embracing close acquaintance and expert knowledge of the many ramifications of the subject, be given thoughtful consideration; to the Committee on the Merchant Marine and Fisheries.

6410. Also, petition of American Federation of Labor, Washington, D. C., submitting resolutions urging abolishment of the sea service bureau and shipowners' association shipping offices; to the Committee on the Merchant Marine and Fisheries.

6411. Also, petition of New York State Federation of Women's Clubs, Mount Vernon, N. Y., urging Congress to take favorable action on the Cooper-Hawes bill; to the Committee on Interstate and Foreign Commerce.

6412. Also, petition of John L. Brown, Brooklyn, N. Y., praying that House bill 11488 receive favorable action, it being a bill to provide for a pensionable status to members of the crew of the U. S. S. *St. Louis*, which served in the Spanish-American War; to the Committee on Pensions.

6413. By Mr. LUCE: Petition of residents of Ashland, Mass., urging increase in Civil War pensions; to the Committee on Invalid Pensions.

6414. By Mr. McLAUGHLIN: Petition of Mercy Ann Plotts and 120 other residents of Newaygo County, Mich., urging passage of bill providing increase of pension to Civil War veterans and their widows; to the Committee on Invalid Pensions.

6415. By Mr. MADDEN: Petition of the board of directors of the Hamilton Club, of Chicago, representing 4,000 members, urging flood relief legislation; to the Committee on Flood Control.

6416. Also, petition of the board of directors of the Hamilton Club, of Chicago, urging support of the Navy program now before Congress; to the Committee on Naval Affairs.

6417. By Mr. MILLER: Petition of citizens of Seattle, Wash., indorsing House bills 89 and 5681; to the Committee on the Post Office and Post Roads.

6418. By Mr. MORROW: Petition of Pantaleon Madrid Post, the American Legion, Santa Rosa, N. Mex., indorsing the Tyson-Fitzgerald bill for retirement of disabled emergency officers of the World War; to the Committee on World War Veterans' Legislation.

6419. By Mr. O'CONNELL: Petition of the National Society, Daughters of the American Revolution, favoring the passage of the Capper-Gibson bill (S. 1907, H. R. 6664) for a woman's bureau in police department; to the Committee on the District of Columbia.

6420. Also, petition of the American Federation of Labor, Washington, D. C., favoring the amendment to the independent offices appropriation bill, which provides that none of the appropriation for the Shipping Board or the Merchant Fleet Corporation shall be used to maintain the sea service bureau; to the Committee on Appropriations.

6421. Also, petition of the Manhattan Broom Co., New York City, N. Y., favoring the passage of the Hawes-Cooper bill; to the Committee on Labor.

6422. Also, petition of the Walter L. Brown Co., of New York City, opposing the McNary-Haugen farm relief bill; to the Committee on Agriculture.

6423. By Mr. PEAVEY: Petition of numerous citizens of Superior, Wis., urging that the national-origins clause of the immigration law be annulled; to the Committee on Immigration and Naturalization.

6424. Also, petition of numerous citizens of Ashland, Wis., protesting against the passage of compulsory Sunday observance legislation, and particularly House bill 78; to the Committee on the District of Columbia.

6425. By Mr. RAINEY: Petition of C. D. McMurry and 136 other citizens of the twentieth congressional district of Illinois, for increased pensions for Civil War soldiers and widows; to the Committee on Invalid Pensions.

6426. Also, petition of Mrs. Sodema Shelley and 121 other citizens of Barry, Ill., for increased pensions for Civil War soldiers and widows; to the Committee on Invalid Pensions.

6427. By Mr. SCHNEIDER: Petition by numerous citizens of Luxemburg, Wis., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying rates proposed by the National Tribune in order that relief may be accorded to needy and suffering veterans and widows; to the Committee on Invalid Pensions.

6428. Also, petition by numerous citizens of Lena and Suring, Wis., indorsing and urging the passage of House bill 11410, to amend the prohibition act; to the Committee on the Judiciary.

6429. By Mr. SINNOTT: Petition of a large number of citizens of Scandinavian descent, residing in the States of Oregon and Washington, protesting against the new quota in our Federal immigration law and asking that the law be amended and the new quota provision repealed and the present quota continued; to the Committee on Immigration and Naturalization.

6430. By Mr. STRONG of Kansas: Petition of 35 citizens of Washington County, Kans., urging enactment of legislation to increase the pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6431. By Mr. SWING: Petition of citizens of San Diego, Calif., in behalf of Civil War veterans and widows; to the Committee on Invalid Pensions.

6432. By Mr. THURSTON: Petition of the Afton Business Club, unanimously indorsing the agricultural bill now pending before the Congress (McNary-Haugen bill); to the Committee on Agriculture.

6433. By Mr. WASON: Petition of J. W. Peirce and 38 other residents of Claremont, N. H., urging that immediate steps be taken to bring to a vote a Civil War pension bill in order that relief may be accorded to needy and suffering veterans and widows; to the Committee on Invalid Pensions.

SENATE

THURSDAY, *April 5, 1928*

(Legislative day of Wednesday, April 4, 1928)

The Senate reassembled at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bill and concurrent resolution of the Senate:

S. 2549. An act providing for payment to the German Government of $461.59 in behalf of the heirs or representatives of the German nationals, John Adolf, Hermann Pegel, Franz Lipfert, Albert Wittenburg, Karl Behr, and Hans Dechantsreiter; and

S. Con. Res. 13. Concurrent resolution to pay the necessary expenses of the joint committee appointed to represent Congress at the unveiling of the Stone Mountain monument at Atlanta, Ga., on April 9, 1928.

The message also announced that the House had passed the following bills and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 9569. An act authorizing the payment of an indemnity to the British Government on account of the death of Reginald Ethelbert Myrie, alleged to have been killed in the Panama Canal Zone on February 5, 1921, by a United States Army motor truck;

H. R. 12178. An act to repeal Revised Statutes 1683 and part of title 22, section 32, of the United States Code;

H. R. 12179. An act to provide for the reimbursement of the Government of Great Britain on account of certain sums expended by the British chaplain in Moscow, the Rev. F. North, for the relief of American nationals in Russia in 1920;

H. J. Res. 145. Joint resolution to provide for the payment of an indemnity to the Chinese Government for the death of Chang Lin and Tong Huan Yah, alleged to have been killed by members of the armed forces of the United States;

H. J. Res. 146. Joint resolution to provide for the payment of an indemnity to the Dominican Republic for the death of Juan Soriano, who was killed by the landing of an airplane belonging to the United States Marine Corps;

H. J. Res. 148. Joint resolution to provide for the payment of an indemnity to the British Government to compensate the dependents of Edwin Tucker, a British subject, alleged to have been killed by a United States Army ambulance in Colon, Panama;

H. J. Res. 149. Joint resolution to authorize an appropriation for the compensation of William Wiseman;

H. J. Res. 150. Joint resolution to provide for the payment of an indemnity to the Government of the Netherlands for compensation for personal injuries sustained by two Netherlands subjects, Arend Kamp and Francis Gort, while the U. S. S. *Canibas* was loading on May 1, 1919, at Rotterdam;

H. J. Res. 151. Joint resolution to provide for payment of the claim of the Government of China for compensation of Sun Jui-chin for injuries resulting from an assault on him by a private in the United States Marine Corps;

H. J. Res. 152. Joint resolution authorizing and requesting the President to extend invitations to foreign governments to be represented by delegates at the International Congress of Entomology to be held in the United States in 1928;

H. J. Res. 153. Joint resolution for the contribution of the United States in the plans of the organization of the International Society for the Exploration of the Arctic Regions by Means of the Airship;

H. J. Res. 154. Joint resolution authorizing payment of the claim of the Norwegian Government for interest upon money advanced by it in connection with the protection of American interests in Russia;

H. J. Res. 259. Joint resolution authorizing assistance in the construction of an inter-American highway on the Western Hemisphere; and

H. J. Res. 262. Joint resolution requesting the President to extend to the Republics of America an invitation to attend a Conference of Conciliation and Arbitration to be held at Washington during 1928 or 1929.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edge	McKellar	Shipstead
Barkley	Fess	McLean	Shortridge
Bayard	Fletcher	McMaster	Simmons
Bingham	Frazier	McNary	Smith
Black	George	Mayfield	Smoot
Blaine	Gerry	Metcalf	Steck
Blease	Glass	Moses	Steiwer
Borah	Goff	Neely	Stephens
Bratton	Gooding	Norbeck	Swanson
Brookhart	Gould	Nye	Thomas
Broussard	Greene	Oddie	Tydings
Bruce	Hale	Overman	Tyson
Capper	Harris	Phipps	Wagner
Caraway	Harrison	Pine	Walsh, Mass.
Copeland	Hayden	Pittman	Walsh, Mont.
Couzens	Heflin	Ransdell	Warren
Curtis	Jones	Reed, Pa.	Waterman
Cutting	Kendrick	Robinson, Ark.	Watson
Dale	Keyes	Robinson, Ind.	Wheeler
Dill	King	Sheppard	

Mr. GERRY. I wish to announce that the junior Senator from New Jersey [Mr. EDWARDS] is necessarily detained from the Senate by reason of illness in his family. I ask that this announcement may stand for the day.

Mr. McNARY. I desire to announce that the Senator from California [Mr. JOHNSON] is necessarily absent on account of illness.

The VICE PRESIDENT. Seventy-nine Senators having answered to their names, a quorum is present.

SENATOR FROM MICHIGAN

Mr. COUZENS. Mr. President, I present the credentials of ARTHUR H. VANDENBERG, Senator designate from the State of Michigan, and ask that they may be read.

The VICE PRESIDENT. The credentials will be read.

The Chief Clerk read the credentials, as follows:

STATE OF MICHIGAN,
EXECUTIVE DEPARTMENT.

Fred W. Green, Governor in and over the State of Michigan

To all to whom these presents shall come, greeting:

Know ye that, reposing special trust and confidence in the integrity and ability of ARTHUR H. VANDENBERG, in the name and by the authority of the people of the State of Michigan, I do appoint him Member of the United States Senate from Michigan.

And I do hereby authorize and empower him to execute and fulfill the duties of that office according to law; to have and to hold the said office, with all the rights, privileges, and emoluments thereto belonging.

In testimony whereof I have hereunto set my hand and caused the great seal of the State to be affixed at Lansing this 31st day of March, A. D. 1928, and of the independence of the United States of America the one hundred and fifty-second.

[SEAL.] FRED W. GREEN.

By the governor:

JOHN S. HAGGERTY,
Secretary of State.

The VICE PRESIDENT. The credentials will be placed on file.

Mr. COUZENS. The Senator designate is present and ready to take the oath of office.

Mr. ROBINSON of Arkansas. Mr. President, I inquire of the Senator from Michigan if the Governor of Michigan has the power, under the statutes of that State, to make a temporary appointment of this nature?

Mr. COUZENS. He has the power, I will say to the Senator.

The VICE PRESIDENT. The Senator designate will present himself at the desk to take the oath of office.

Mr. VANDENBERG, escorted by Mr. COUZENS, advanced to the Vice President's desk, and, the oath prescribed by law having been administered to him, he took his seat in the Senate.

AMENDMENT OF GENERAL LEASING ACT

Mr. BRATTON. Mr. President, on yesterday the bill (H. R. 10885) to amend sections 23 and 24 of the general leasing act approved February 25, 1920 (41 Stat. L. 437), passed the Senate. I ask unanimous consent that the vote by which the bill was passed may be reconsidered and that the measure be restored to its place on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Mississippi, which was ordered to lie on the table:

Senate Concurrent Resolution 15

A concurrent resolution to memorialize Congress and urge the Mississippi Members of Congress to pass the McNary-Haugen farm bill

SECTION 1. *Be it resolved by the senate (the house of representatives concurring therein)*, That the legislature memorialize Congress and urge the Mississippi Members of Congress to pass the McNary-Haugen farm bill, now up for consideration.

SEC. 2. That a copy of this resolution be mailed to each Member of Congress from Mississippi.

Passed the senate March 12, 1928.

Passed the house of representatives March 22, 1928.

I, Walker Wood, secretary of state of the State of Mississippi, do hereby certify that the above and foregoing is a true and correct copy of Senate Concurrent Resolution 15, Legislature of the State of Mississippi of 1928, as shown by the enrolled act thereof on file in my said office.

Given under my hand and the great seal of the State of Mississippi this the 3d day of April, 1928.

[SEAL.] WALKER WOOD,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Federation of Citizens Associations of the District of Columbia, which was referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, as follows:

Whereas numerous hearings and public discussions of the proposal to relocate the farmers' produce market clearly indicate that from 80 per cent to 90 per cent of the produce sold thereon will probably pass through wholesalers or jobbers and perhaps cold-storage warehouses; and

Whereas such an indirect method of distribution will result in increased commodity prices and thus tend to deny consumers of any financial benefit of enough consequence to warrant the cost of such a market being borne by the funds of the District of Columbia: Be it

Resolved by the Federation of Citizens Associations this 31st day of March, 1928, as follows:

1. That public funds raised by the taxpayers of the District of Columbia ought not be used to provide any kind of market that is to be largely of a wholesale character.

2. That provision might be made for a new and suitable retail market in a central location, with ample facilities for the sale by farmers of their produce, this new center market to be either a municipal activity or a private activity under proper public supervision.

3. And, further, the federation recommends that the present Center Market be retained as long as possible without interference with the Federal building program.

4. That copies of these resolutions be forwarded to the Speaker House of Representatives and the President United States Senate with the request that they be formally presented to the Congress and inserted in the CONGRESSIONAL RECORD.

5. That copies also be forwarded to the Commissioners of the District of Columbia, the citizens' advisory council, the Bureau of the Budget, and the chairmen of the Senate and House Committees on the District of Columbia.

Mr. WAGNER presented resolutions adopted by the International Unemployed Conference, at Washington, D. C., which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

Resolutions adopted by the International Unemployed Conference, Washington, D. C., April 3, 1928

Whereas we have so much alleged prosperity on the one hand; and

Whereas we have so much destitution and unemployment on the other; and

Whereas we have both the ability and inclination to work if but given the opportunity; and

Whereas millions of people have no permanent address because they have not permanent jobs and, being necessarily migrants, have lost their ballot: Be it therefore

Resolved, That the Government extend its unemployment activities and further establish free Federal employment bureaus in all cities, thus to displace private, fee-charging employment agencies; and be it further

Resolved, That we call upon Congress further to make provisions for public works at the regular union scale of wages; and be it further

Resolved, That the Government establish a standard six-hour working day for all workers in order to keep pace with overproduction that is the result of application of modern machinery and business methods in industry; and be it further

Resolved, That Congress pass a national old-age pension and unemployment insurance bill; and be it further

Resolved, That the income tax law be allowed to remain as at present in force, and that the surplus created therefrom be used to establish a national old-age pension and unemployment insurance fund; and be it further

Resolved, That the present immigration law and quota restriction acts remain the same as now, rather than be made more drastic; and be it finally

Resolved, That we petition Congress to the end that all American citizens who may be migrants through lack of employment be accorded full balloting rights.

Mr. CURTIS presented six petitions numerously signed by citizens of Topeka, Parsons, Augusta, Mound Valley, and Linn County, and sundry other citizens, all in the State of Kansas, praying for the passage of legislation granting increased pensions to Civil War veterans and their widows, which were referred to the Committee on Pensions.

He also presented a memorial of sundry citizens of Hesston, Kans., remonstrating against the passage of the so-called Oddie bill, being the bill (S. 1752) to regulate the manufacture and sale of stamped envelopes, which was referred to the Committee on Post Offices and Post Roads.

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (S. 2804) to amend section 812 of an act entitled "An act to establish a Code of Law for the District of Columbia," as amended, reported it without amendment and submitted a report (No. 702) thereon.

Mr. FLETCHER, from the Committee on Commerce, to which was referred the bill (S. 2019) to amend an act entitled "An act to authorize the Secretary of Commerce to dispose of certain lighthouse reservations, and to increase the efficiency of the Lighthouse Service, and for other purposes," approved May 22, 1926, reported it with an amendment and submitted a report (No. 703) thereon.

Mr. JONES, from the Committee on Commerce, to which was referred the bill (S. 1964) to establish a fish-cultural station in the State of Montana as an auxiliary to the Bozeman, Mont., fisheries station, reported it without amendment and submitted a report (No. 704) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 745. An act to authorize the establishment of a fisheries experiment station on the coast of Washington (Rept. No. 705);

S. 1261. An act to establish a fish-hatching and fish-cultural station in the State of Idaho (Rept. No. 706); and

S. 3437. An act to provide for the conservation of fish, and for other purposes (Rept. No. 707).

Mr. JONES also, from the Committee on Commerce, to which were referred the following bills, reported them each with amendments and submitted reports thereon:

S. 721. An act to establish a fish-hatching and fish-cultural station in the State of New Mexico (Rept. No. 708); and

H. R. 11022. An act to extend medical and hospital relief to retired officers and enlisted men of the United States Coast Guard (Rept. No. 709).

Mr. JONES also, from the Committee on Indian Affairs, to which was referred the bill (H. R. 431) to authorize the payment of certain taxes to Okanogan County, in the State of Washington, and for other purposes, reported it without amendment and submitted a report (No. 710) thereon.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 3901) to suppress fraudulent practices in the promotion or sale of stocks, bonds, and other securities sold or offered for sale within the District of Columbia; to register persons selling stocks, bonds, or other securities, and to provide punishment for the fraudulent or unauthorized sale of the same;

A bill (S. 3902) to provide books and educational supplies free of charge to pupils of the public schools of the District of Columbia; and

A bill (S. 3903) to provide for the reinterment of bodies now interred in the grounds of St. Francis de Sales Church in the District of Columbia; to the Committee on the District of Columbia.

A bill (S. 3904) granting an increase of pension to Clara E. Walker (with accompanying papers); to the Committee on Pensions.

By Mr. GOFF:

A bill (S. 3905) granting a pension to Thurman Constable (with accompanying papers); and

A bill (S. 3906) granting a pension to Anna Constable (with accompanying papers); to the Committee on Pensions.

By Mr. CURTIS:

A bill (S. 3907) granting a pension to Mary Michael (with accompanying papers);

A bill (S. 3908) granting an increase of pension to Elizabeth H. Meredith (with accompanying papers);

A bill (S. 3909) granting an increase of pension to Nancy J. Hogan (with accompanying papers);

A bill (S. 3910) granting an increase of pension to Harriet Williams (with accompanying papers); and

A bill (S. 3911) granting an increase of pension to Henry S. Corp (with accompanying papers); to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 3912) for the relief of Gustave Hoffman (with accompanying papers); to the Committee on Post Offices and Post Roads.

A bill (S. 3913) to promote the better protection and highest public use of lands of the United States and adjacent lands and waters in northern Minnesota, for the production of forest products, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 3914) to prevent the use of Federal official patronage in elections and prohibit Federal officeholders from misuse of positions of public trust for private and partisan ends; to the Committee on Privileges and Elections.

By Mr. DALE:

A bill (S. 3915) granting an increase of pension to Lilian A. Fisk (with accompanying papers); to the Committee on Pensions.

By Mr. HAWES:

A bill (S. 3916) granting an increase of pension to Alice C. Risley (with accompanying papers); to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 3917) for the relief of the State of Florida; and

A bill (S. 3918) for the relief of the State of Florida; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 3919) awarding a gold medal to Lincoln Ellsworth; to the Committee on Commerce.

By Mr. FESS:

A joint resolution (S. J. Res. 123) concerning lands and property devised to the Government of the United States of America by Wesley Jordan, deceased, late of the township of Richland, county of Fairfield, and State of Ohio; to the Committee on the Judiciary.

DELETERIOUS FOODS, DRUGS, ETC

Mr. BRUCE submitted an amendment intended to be proposed by him to the bill (H. R. 487) to amend an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, as amended, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

INLAND WATERWAYS CORPORATION

Mr. SHIPSTEAD submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 1760) to increase the capital stock of the Inland Waterways Corporation, which was referred to the Committee on Commerce and ordered to be printed.

FARM-LOAN AND BANKING SYSTEMS

Mr. BLEASE. I ask to have printed in the RECORD articles on the farm-loan system and the banking system.

The VICE PRESIDENT. Without objection, leave is granted.

The matter referred to is as follows:

[Extract from Farmers' National Magazine]

HOW POLITICIANS HAVE RUINED FEDERAL FARM-LOAN SYSTEM'S POSSIBLE ASSISTANCE TO THE AMERICAN FARMER

One of the modern crimes is the ruination of the Federal farm-loan system, due to the withering hand of politics being permitted to touch it, under the guise of an amendment to the fundamental farm loan act of 1916, whereby the great system was placed under the direct control of outside politicians, who have not 1 cent involved in its capitalization, but who so completely dominate its operation as to preclude assistance to the farmers who depend upon it for financial assistance in carrying on their business, as intended when this act was first passed by Congress.

While many politicians have raised the hue and cry that dangerous Russian propagandists were intruding into the affairs of the United States, particularly as related to our relations with Mexico, an even worse lot of free thinkers have captured the great Federal farm-loan system and are to-day engaged in a pillage which would make ancient Rome's downfall look like a Sunday afternoon picnic.

We have long-haired Ikeovitch and his family of little Ikes in complete control of the Federal farm-loan system. But do not forget that Ike is a very wonderful fellow. He has a remarkable record back of him. He faces an even more thrilling experience, but the fact that the United States Government and the thousands of farmers who now "hold the bag," assuming the 10 per cent liability which makes the farm-loan system substantial, does not worry Ike a little. Like his former political appointees, he will vanish into the vapor of the "lame-duck" class the moment things become too hot and will have the most complete alibi, just as similar types have in the past.

Ikeovitch has endeavored to cure many human ills—using public and private funds contrary to the Constitution and in direct violation of property rights. But his latest scheme is one of the finest, widest, and wildest that he has evolved and put into effect. It provides him and his appointees with a gigantic superpolitical machine to dominate the alleged cooperative presently farm-owned Federal land-bank system. The farmers who secured loans through the 12 land banks have now completely paid off their stock subscriptions, advanced by the United States Treasury, and they, the farmers, assume all the liabilities necessary to make this a strong, going American-banking system. But it is Ike and his tribe that completely dominate the system! Isn't this a cute way of "doing the farmer" a favor?

Ike, as you may recall, does not limit his activities to mere geographical dimensions. Oh, no. America is now witnessing one of his great achievements in the steal of the farmer's loan system, but Ike is quite cosmopolitan as a character, a citizen of the world, we might add, and has recently spent a large part of his vacation over in Russia, seeking out ideals to implant in the Federal farm-loan system. He is charmed with the farmer's banking system as carried on by the Russians, and he has, thanks to the shortsighted action of Congress, been able to adopt this same system on a nation-wide scale in the United States. He has taken over the farmer's banks! No; not in Russia—right here in the United States, "the land of the free and the home of the brave." Thus we have seen a modern miracle, Republican appointees turned into real, honest-to-gosh bolshevist politicians, right before your eyes.

We ought not to mention the fact, but it is interesting to note. The folks over in Russia harkened unto Ikeovitch and placed their successful cooperative rural banks, which had been privately owned and operated under the control of the terrible czar, and later under red Lenine and redder Trotsky, in the hands of Ike's crowd. Ike made almost as great a success as a banker in Russia as he is about to become in the United States. After he and his followers had had a few months' time to work out their blessings, money in Russia became about one thousand times less valuable than before Ike started out, and even the farmers, the political-dominated banks Ike operated, had no faith in them. Later nobody had faith in the financial system, so this is the reason Ike's crowd moved over to the United States and took over the Federal farm-loan system. And they are now having one heck of a time trying to make it go.

But Ike can not be discouraged. He is really jubilant with the progress he has made in this country. He packed the Banking and Currency Committee rooms of the House and the Senate with his appointees—the "job snatchers" who received their pittance from his political system, and they all testified that it would be most unsafe and surely unsound to let the farmers who owned the 12 Federal land banks operate them; it would not even be considered quite right that the farmers who owned these banks to have even a majority of the directors on the board. And, would you believe it, contrary as this system is to every principle of American rights, the Congress had the audacity to adopt the amendment as Ike's crowd wrote it, and they actually took the 12 Federal land banks away from the farmers who owned them, putting in the stead of the farmers men possessed of more political "pull" than sound judgment or experience in either agriculture or banking!

This national robbery stands alone in annals of the history of congressional action, but the worst of it all was that Washington propagandists had the audacity to then proclaim to a waiting world that they had enacted farm legislation which would be helpful to farming interests. This, after they had actually robbed the farmers of millions of bank stocks, turned this vast sum over to politicians to manipulate but left the farmer still holding the bag of liability. In justice, when Congress turned these banks over to the politicians, they should have made provision for the same politicians, not the robbed farmers, to have assumed the liability. But no, they were "helping" the farmers.

The fact is, as every sane man well knows, politically controlled banks have nowhere on the face of this earth resulted otherwise than in deplorable failure. Yet, in the face of this demonstrated fact, we witness an American Congress going into just that sort of business on a gigantic, nation-wide scale, leaving the rightful, legal owners—the farmer stockholders—with the privilege of paying the poor debts instituted by politicians.

THE BEGINNING OF THE END

Under political control banks first lose the faith of patrons and borrowers, and later the bond buyers. The latter has now taken place, though farmers lost faith in the system long ago, when Congress made those first mismoves of turning the system over to political domination.

Sound banking means that he who owns the bank's stock and assumes the bank's liability enjoys managing power over the institution. This theory is not confined to any special spot on the earth; it is recognized as essential to sound economy everywhere. We must realize, therefore, that those, in and out of Congress, who adopt the directly opposite view, are as thoroughly unfamiliar with sane banking and sound finance as they are in justice to property owners.

This superpolitical system of land banks has set up a supreme board in Washington to run the farmer's business for him. It is given power of selection, appointment, and domination of all officials, naming more politicians to help other politicians to operate a banking system owned by farmers. In each of the land banks—12 in all—throughout the United States, this same political board had placed a majority of the directors (at fancy prices); but they were very kind and considerate, for they permitted a minority of men elected (?) by the farmer owners to come down to the land bank now and then and watch the politicians operate the bank.

But they let the farmer owners pay all the bills! Isn't that kind? It is without parallel in American business. The farmer owner of the Federal land bank, who owns all the stock and assumes all the liability, is thus made a helpless outsider—a goat and a monkey!

POLITICS AND OIL DON'T MIX

The recent startling revelations of the Republican administration's operations in the now infamous Teapot Dome Oil Co., demonstrated only too well that "politics and oil don't mix." And we can not mix politics and politicians with private business enterprise, whether we hope to operate a peanut stand or a farmers' land-banking system. Political control of private enterprises has ever resulted in sad and expensive disasters. The reasons are plain, as every sane-minded American well knows.

Political control squeezes out individual initiative and opportunity, individual rewards and punishments; nobody has a free hand, no one is directly responsible. Political control decides economic questions politically, which can only be done at enormous cost.

North Dakota demonstrated the results accruing from political control and manipulation of private enterprises. No one to this day doubts the entire integrity of the North Dakota farmer to make good any promise that he may make; no one fails to recognize the great and varied natural resources of that State, but for a time North Dakota, under politically controlled banking systems, could not sell North Dakota bonds to investors in sufficient quantities to carry on North Dakota business. It was because North Dakota for a time persisted in doing business entirely contrary to sane banking rules. People in and out of the State lost confidence in those charged with the operation of the political banks. That moment the usefulness of those banks terminated.

SUPERPOLITICAL BANKING SYSTEM

And, strange to relate, with the lesson, sad as it was, that North Dakota fully demonstrated for the loose thinkers of this country, in face of this record, the American Congress set about putting into effect a similar, only more gigantic political banking system, a great superorganization in charge of farmer-owned banks operating in 48 States

and Territories beyond the sea, and took out of the hands of the more than 4,000 cooperative national farm loan associations, whose members owned the stock in those banks, all vestage of American property rights, or the simple operation of that which the farmers had digged into their pockets and paid for!

It is not strange that investment capital in recent days is turning away from the purchase of Federal land-bank bonds and is seeking premiums elsewhere. Investment always turns its back on political affairs. Experience goes to show that successful banking therefore lies in the opposite direction, depending for security upon the active management of the institution by the owners—not by outside "changing" politicians.

What scant latitude political control leaves for efficient administration is patent to even the average citizen. We know from bitter experience the many ill effects of such control on business in general, and upon every business in particular that has ever come under its domination. The same adverse causes that have affected other business enterprises that have come in contact with political domination is now also working havoc, disappointment, and disaster to the Federal farm-loan system.

SHOULD SERVE GREATEST INDUSTRY

The Federal farm-loan system was intended to serve America's greatest industry—agriculture. Compared with all other industries, the farm industry is still larger, with its $80,000,000,000 invested capital and enormous turnover. It also employs more men than any other enterprise. Yet this is the only industry in the United States upon which Congress has forced political domination. If political control is not efficient for lesser industries, why did Congress make the farmer the only goat in the country by placing politicians in control of the banking system which the farmers own?

This is a critical question which some of the politicians who forced the system down the throat of farmers will have an opportunity to answer—sad for the politicians—at the election box this fall.

This superpolitical banking system has been instituted at the expense of the farmer and has been attended by the usual reduction of service. The story might have been far different had agriculture enjoyed a sound, sane, and safe banking system, owner-controlled, such as has so long served commerce and industry and which has stood the test of time.

In face of this deplorable situation now Congress is setting about establishing another more gigantic superpolitical system, with a similar political farm-loan board at the head. Congress seems never to learn. They are again going "to do the farmer" at the farmer's expense, and again we shall have a new staff of political wet nurses going around the country to take care of the poor farmers.

The radical suggestors usually are frank enough to acknowledge that they have no faith in the farmer as a business man—beyond the ability of the farmer to feed and clothe them!

A COMPARISON THAT IS STRIKING

Stockholders of our national banks elect every one of the officers of their banks and this procedure has been directly responsible for the creation of a banking system in which all persons have the fullest confidence and good faith. These same banks, if controlled by politicians, would soon prove as unsatisfactory as do the Federal land banks under the present political control.

The National, State, and trust banks of the United States would not for one moment tolerate Congress enacting an amendment to the banking laws which would result in a majority of their directors being political appointees and throwing out the actual owners from management. Why should Congress expect the farmers to stand for any such steal of their property rights, and what sane man can expect these land banks to function as they should while politicians dominate that which is the property of outsiders (farmers) who now have no property rights that they are able to control in the management of the banks?

[Extract from the Forum Magazine, New York City]

LET THE FARMER RUN HIS OWN BANKS

Long since the American farmer has repaid to the United States Treasury the money advanced to capitalize the 12 Federal land banks. This same farmer should now be permitted to occupy a seat in the banking house he has created, and the politicians who have dominated these banks for the past decade should be cast out. The future security and usefulness of this system depends upon this.

The tiller of the soil should be permitted to add banking to his business, as the original farm loan act provided, and the amendment of Congress which deprived the farmer of his property rights should be repealed at once.

The farmer should have under his control a banking system capable of meeting the urgent needs of agriculture. This would place this greatest industry on a par with our smaller enterprises, which have enjoyed private financial support for years, and upon which the soundness of modern business rests and depends for its security and soundness.

Although cooperation has made immense strides in agricultural America in recent years, the establishment of the more than 4,000 cooperative national farm loan associations, serving practically every farm community and section of the country, outstretches any previous achievement in this direction.

Cooperation is in no sense a new idea, but it remained for the permanent establishment of the cooperative Federal farm-loan system to give to the American farmer a cooperative agency national in extent and service. Prior to the advent of these associations and land banks, cooperation thrived only in limited areas and served farmers producing only specialized products, such as apples, cotton, oranges, and tobacco. Thus, the present cooperative banking system of the American farmer stands as the first successful milestone of his united effort on a nation-wide basis.

Many have advised that the American farmer is incapable of teamwork, yet he has builded this, the greatest of all cooperative institutions. He owns the stock and assumes all the liability on a cooperative basis, and has successfully answered the ancient financial problem of the tiller of the soil. Working together as one body, thousands of farmers have solved problems impossible of achievement on individual lines.

For many years prior to the establishment of the Federal farm-loan system, it was apparent that, unless more means was provided to supply money for agricultural purposes, on a long-term amortization plan, and at low interest, agricultural development in the United States would not only cease, but the whole industry would degenerate.

The farmer had hitherto been the ultimate goat, to whom the money lenders successfully passed the buck of high commissions and fat interest rates. Practically alone of all industrial leaders, the farmer was the only one who did not control the money he produced and was forced, under the prevailing system of finance, which was in the hands of outside interests, to pay what was asked.

With this millstone about his neck, the farmer struggled on for the generation after the Civil War, farming becoming less and less profitable and more and more discouraging until in 1916, after every conceivable plan had been considered, Congress borrowed from Europe a plan which had proven successful there and attempted to so modify it as to meet the need of the American farmer. This plan, so modified, is known as the Federal farm loan act, approved July 17, 1916.

Those who would aid the farmer to salvation in money matters well appreciated that in this, as in all other agricultural problems, it was a matter for the farmer to himself execute. To establish the system a temporary board was appointed to officer each of the 12 Federal land banks, whose term of office should terminate upon the final payment into the Treasury of the money advanced to the farmer to capitalize these banks.

When we consider that the American farmer owns an $80,000,000,000 enterprise, with a yearly business of more than $20,000,000,000, we soon appreciate that this tiller of the soil is a business man of no small means. And, like all other business men, the farmer requires available finance, plenty of it, when he needs it, to carry on this great business of producing food and clothing.

When we look on the debit side of the farm ledger we discover that the 12,000,000 farmers have mortgages aggregating $8,000,000,000 and that the annual interest on these calls for a tribute of more than $600,000,000 a year or $50,000,000 per month. Statistics recently collected show us that whereas the city merchant, the broker, and other business men, whose security is not as stable as that of the farmer, enjoy interest rates of from 4 to 6 per cent, the farmers of the country, on the average, pay from 8 to 10 per cent interest, and large commissions for their loans.

Many have wondered that the American farmer, our greatest prime producer, has not long since become our capitalistic class. America is the only continent in the world with large agricultural holdings where the land-owning folk are not the capitalists. In Germany, in Great Britain, in Denmark, in France, and even in Japan, to own land is tantamount to having wealth; to be a farmer is to belong to the most powerful class in the country. Why is it that the American farmer, with this same agricultural leadership, does not likewise enjoy the same position as farmers of these foreign lands?

When we set about answering this question, we at once discover that we are in the center of one of the most perplexing problems of the hour; possibly the most vexing and complex of the many reconstruction problems facing the United States to-day; problems that have seriously menaced our agricultural industry ever since the close of the Civil War. We face the manifold problems of farm credits and farm markets. No class of business men in the United States pays a higher interest rate for the money he borrows than does the farmer, and he receives barely 40 per cent of the market price of his produce when he disposes of it.

As America, as a continent, is no longer surrounded by the atmosphere of sweet and contented remoteness from the rest of the world, but must face a world audience in competition in all lines, so also, our greatest business man—the farmer—must compete with farmers of all other countries, not only in foreign markets but also in our markets.

Farmers of Europe, because of their superior loan organizations, have for a generation been able to borrow money upon the same basis as commerce, business, and industry; during the same period our American farmers have paid nearly twice as much, and then have been only inadequately financed.

At present agriculture is on the decadence. I say decadence in the term that agriculture is not now a growingly popular industry. Right now there are two persons in the city and town to the one upon the soil. Our urban population has increased 34 per cent in the past decade. Our rural population has increased by 11 per cent. Ten per cent of our national population now reside in three of our large cities; 60 per cent live in small towns; and but 30 per cent reside out in the open country, upon our farms, and are producers of food and clothing. Yet we meet men every now and then who say that they can not see for the world why farming should not be the most profitable and enjoyable of industries. There must be some reason for the decadence of farming—and there is.

The unsatisfactory, haphazard marketing system now in vogue is one of the most discouraging items, while the $8,000,000,000-mortgage load the farmer carries seems to be the last straw.

The banker is educated in banking; the farmer is trained in farming. We can not expect that the banker will appreciate the vital needs of agriculture when he depends upon city trade for his greater business. Of the 7,613 national banks, book records of 1,247 showed extortionate rates charged farmers for loans. These same banks, while charging the city merchant, manufacturer, storekeeper, railroad operator, and promoter anywhere from 4 to 6 per cent interest, were at the same time charging the farmers they served anywhere from 18 to 60 per cent interest.

The highest rates charged farmers were found in Texas, Oklahoma, North Dakota, Georgia, and Alabama, although 12 per cent was considered very moderate in the Rocky Mountain section.

In other words, if a farm boy wished to become a city merchant, he could go to the average bank and secure a loan at from 4 to 6 per cent. If, however, the same farm boy wished to become a farm operator, the banker looked with disfavor upon him, and charged him several times as much for the use of the same money. These statements are not manufactured to paint a pretty picture but are taken from sworn statements filed by officials of these banks with Members of Congress who investigated the matter.

We need no longer, it would seem, wonder why it is that the modern farm boy goes to the city instead of remaining on the farm. For every dollar loaned on farms, $6 are loaned on city real estate. For every $2.50 loaned on farm lands, $97.50 is loaned on factories.

The railroads of the country seem to believe they face a most grave future. All our railroads put together employ only 2,500,000 men—our farms employ 12,500,000. The railroads support 10,000,000 people; the farms 40,000,000, and feed not alone their own population but the whole country, as well as millions abroad. Nevertheless, through the regular finance channels, our farmers can borrow only one dollar to the ten the railroads borrow.

It was lack of farm financial support at the close of the Civil War, and the resultant evils attached, that were responsible for the mad rush to the cities. Our agricultural industry has never overcome that handicap. At the close of every war in history, it has been noteworthy that money, ready liquid fluid, rushed to the aid of industry and commerce, leaving the farmer to trail his own flocks, pursue his plow, seed his field, harvest his crops, as he might. The farmer has been forced to shift for himself, and without an organization through which to meet his needs or with which to equip himself to cope with existing conditions, agriculture suffered.

SELFISH POLITICIANS DOMINATE SYSTEM

Just as there were certain selfish political interests that would have deprived the American farmer of much-needed farm financial assistance back in 1916, when the farm loan act was passed, so also the same type of selfish politicians have been at hand to deprive the farmer from coming into his own in the establishment of a cooperative farm-loan system, and under the guise of Government supervision have put across a system of political plundering which has resulted in politicians completely dominating the system. This has not only defeated the farmer in enjoyment of his property rights but has resulted in the practical termination of the usefulness of the system to agriculture, so also now, as the farmer-owners of the cooperative Federal farm-loan system are about to come into ownership and control of the system they have created, under Government supervision, there is a minority who would defeat the farmer of the enjoyment of his business.

The war seems to have given a few in this and other countries a conception that a supergovernmental state should be created for all things individual. First, some would have had the Government own and run the railroads. It was well that the radical element did not prevail in that. Then, not content to permit the natural laws of supply and demand to dominate the price of farm produce, a set of radical leaders would have the Government guarantee a fixed price on all farm produce. The sane and sound business farmer prevailed in that test, and the supergovernmental plan passed into vapor.

Because the Federal Government, through its politically appointed directors of the farmers' land banks, first engineered these banks, there is a minority who would continue this plan, despite the fact that the capital of the banks is owned by the farmer borrowers, and the liabilities are all assumed by these farmers. Every farmer who has secured loan service through the Federal farm-land system has been legally forced to subscribe to capital stock in these banks and assume the liability, with the promise that when he had paid back to the Federal Government the advanced capital of the banks, he would come into control and management of them. Of all the radical recommendations made in either America or Russia, the most unique is the one which would have the farmer capitalize a banking system, assume the liabilities, guarantee the bonds which make it possible, and then permit outsiders, especially political appointees, manage and dominate the system, rather than the farmer owners.

Since to deprive the owners of any banking system of the fullest property rights and expressions would be unconstitutional, not to say un-American, and since farmers and sane business men do not wish the United States Government to become banker, baker, and candlestick maker, the present Government operation of the farmer-owned Federal land banks strikes at the basic fundamental principles of our form of government, and is a direct violation of justice and honor on the part of the Congress which withdrew from these property owners the capital-stock control which they possess. How can any political party go to the farmers and ask for votes when they have thus deprived that class of citizens of their just rights?

[Extracts from article in Good Business]

SUBSIDIES THREATEN SHIP OF STATE

By Henry Swift Ives

Government ownership and control of business may be defined as the substitution of Government deficits for private profits. It is taxation for confiscation. It is the first and last step in the socialist seduction of Democracy. It pretends to take away from those who have for the benefit of those who have not, but in reality it takes away from all to the injury of all.

It is an attempt to subsidize mediocrity by penalizing genius, but actually the only effect of such a subsidy is to make mediocrity even more mediocre. It represses the reproductive processes of capital and then tries to revive them by a tax-gland operation. It is destructive of wealth growth and productive of debt growth. It makes politics instead of business the national dividend producer.

It promotes waste and demotes savings. And its whole tendency leads directly to the ultimate absorption by the State of all private property rights.

Despite this record, which reads like a list of bank suspensions in a bank guaranty State, there has developed in this country a very healthy agitation for the adoption of a system which hasn't worked anywhere else.

We are violently opposed in this country to permitting industry to run the Government, but unfortunately there are many who actually favor Government operation of industry. Both of these ideas of sovereignty are as old as the hills and as sterile as the desert. Each contemplates an autocracy.

The only effect of State interference is to supplant order with confusion. Industry to-day for the most part is two jumps ahead of the requirements of the people; most governmental organizations are two jumps behind.

The one great danger of Democracy is that it may fail to be true to itself; that it may forget its own ideals.

[Reprint from Usury and Usury Laws, by Ryan. Copyright by Houghton Mifflin Co.]

THE COST OF SUBSIDIZED BANKS

The farmers in the agricultural sections of the United States for many years have been striving to get lower interest rates upon farm loans. They think they should be able to borrow capital upon as favorable terms as are ordinarily granted to large manufacturers and commercial concerns. This has been a large factor in keeping the usury laws upon the statute books of the different States.

Usury laws simply do not operate. A statute can not control the market rate for productive loans. All the data submitted shows that these general blanket statutory maximums for all kinds of charges for all kinds of loans are not only powerless but mischievous. But the problem still remains. The farmer wants lower interest rates.

But the securing of lower interest rates for farmers must come in a different way from that of artificially controlling interest rates by statute. Progress is already being made. When steps are taken that will effectually reduce the losses on bad loans by rural bankers, their loan charges will automatically come down.

The Federal land-bank system is an ingenious device to promote the movement of capital into agricultural loans. Each Federal land-bank bond is the obligation of the entire system, and each loan made as a

basis of the bonds is subjected to a set of strict standards before it is approved. This operates to even up the differences in agricultural interest rates.

The exempting of Federal land-bank bonds and joint-stock land-bank bonds from income taxes is an additional method by which interest rates are being cut down for the farmer. This, in reality, is subsidizing the farmer. By this system he is enabled to borrow at lower rates because of the low rates at which the bonds sell. But the taxes which the bondholders escape paying by this method must be paid by other taxpayers, who thus pay extra taxes in order that the farmer may borrow at lower rates. I do not think that this method of getting lower rates of interest for farmers is socially justifiable.

The best measures that are being taken are along the lines of pooling the credit standing of the community and holding up the economic solidarity of the farm neighborhood. If the results obtained by this method in European countries can be gotten here it will not be many years until interest rates will be much lower in the agricultural sections of the South and West.

THE SYSTEM LACKS CONFIDENCE OF FARMERS

The story is told of a certain monastic brother who, with others of his order, built a mission in what is now the Republic of Panama. Because this story seems to carry a business moral we are using it as the basis for the January editorial.

The mission brothers who carried civilization into the dark places in the early days were of sturdy pioneer stock, inured to hardships, and of self-sacrificing temperament. The little company that decided to build the mission in Panama were of necessity both architects and artisans.

The materials were wrested from nature, toilsomely transported by semiprimitive methods, and converted into the buildings that even to-day stand as monuments to their painstaking craftmanship.

One of the problems confronting these builders was the erection of an arch. Many times this arch was erected, but when the last stone was set it refused to stand. Undaunted by failure, however, one after another tried to so design and build the arch that it would stand, and finally, after many had failed, one of the brothers stepped forward and accepted the responsibility.

The arch was built according to his plans and under his supervision. When the last stone was about to be set this man stood under it. "If it falls, let it fall on me," he said. But the arch did not fall. It stands to-day and is called the flat arch. It is visited by tourists, and is known the world over, and so is the designer whose confidence in his work was so great that he was willing to accept full responsibility, even to risking his life.

In this story there is a moral that is applicable to our business. On every hand we hear of guaranties of performance. Some of them mean a great deal and are conscientiously backed up by every ounce of energy and intelligence that the organizations making them are capable to muster; but too often these guaranties are empty promises, just plain words, nothing more.

To the farm-mortgage banker who builds and yet steps aside, as did the brothers who failed in their efforts to build the arch, there is a lesson in the act of the brother who stood squarely under the arch. He accepted responsibility—he backed his guaranty with every resource at his command. He did not make wonderful promises and fall short on delivery.

In business we must stand under the arch squarely—we must meet every condition fairly. The farm financier or business man who fails to do this will inevitably forfeit the confidence of his patrons, and leadership will just as surely accrue to his competitor who says: "If it falls, let it fall on me." This is graphically illustrated in a nation-wide banking system, enjoying all the special privileges which a kind Congress could surround it with, but which continues to want for the confidence of the special class it was to serve, because that class knows that the men back of the system are not willing to stand under the arch which they have builded.

[Extracts from address by C. C. Ferguson, Great Western Life Assurance Co., Winnipeg, Manitoba]

FAILURE OF GOVERNMENT-CONTROLLED BANKS

Financial credit can only be expected in directions to which sound methods of finance can be applied, and the chief essential is the question of adequate security. We can not have a healthy financial system while credit is granted on inadequate security, though we may have a seeming prosperity, which is as dangerous as it is unreal, leading people into ill-considered courses of an extravagant and speculative character.

Such have been the results of the unwise and artificial aids to agriculture which have been granted by governments in the United States, and which have aggravated rather than mitigated the agricultural depression in that country.

Legitimate and rational credit is good for a community and must be available if progress is to be achieved. The benefit is twofold, because the premises presuppose, on the one hand, the use of borrowed funds in remunerative enterprise and on the other the employment of surplus funds which otherwise would be idle and the encouragement of the thrifty to lay aside further savings.

Capital for the most part represents the savings made by the sacrifice of thrifty and thoughtful persons for definite purposes, and it is derived from a great variety of sources. Every wage-earner who deposits a dollar or so a week; every merchant who sets aside a portion of the profits of a good year; every policyholder who pays a life-insurance premium, makes a contribution to the working capital of the world, and all capital originally was created from such sources. The motives involved can be roughly thrown into two classes—provision for old age and provision for dependents.

GOVERNMENT AND BUSINESS

Public ownership or Government operation appears to have been successful and perhaps necessary in activities which can be most effectively conducted as monopolies. The post-office system is an obvious instance. But in fields where numerous private corporations are competing for business, the entry of governments is a very dubious venture. If the Government departments propose to work along exactly the same lines as the private corporations, past history seems to teach that such enterprises will be unsuccessful because of the greater efficiency, initiative, and resourcefulness of the private competition.

Governments have usually embarked in such undertakings on the theory that the private corporations were not adequately covering the field. It may be assumed that, wherever fields have not been adequately exploited by private enterprises, it has been because those fields did not appear attractive or profitable. Accordingly the chance for governmental success is reduced to a minimum.

Governmental activities with respect to farm credits have been undertaken in the face of the strong competition of many private corporations and to the extent that they have gone beyond the limits which the private corporations considered prudent; they should be considered as in the nature of special concessions to agriculture at the expense, or at least at the risk, of the whole community. Too often they deceive themselves into believing that the enterprise will be self-sustaining or even profitable, and they close their eyes to the growing deficits until they become almost a scandal.

On other occasions they drive private capital out of the field by unwise legislation and when they realize their mistake they then engage in the business themselves, taking care that their debtors will not have the same privileges against them that they insist they must have against the private corporations!

In Alberta the new provincial farm loans act authorizes the forfeiture of a mortgagee's farm immediately after he has failed for two months to pay interest and the unfortunate borrower has no right to any stay or court redress. What great opportunities for political control are involved in such wide powers! What disregard is suggested for all the principles of fair play which have been recommended with such emphasis to private mortgagees!

On the whole, it is safe to say that the entry of governments into the field of agricultural credits has been and will be costly to the public and not particularly valuable even to those intended to benefit.

It is customary to make farm loans for a period of five years and frequently provision is made for the payment of a small amount of the principal yearly. It is not always expected that the borrowers will be able, out of income, to pay off the loan in five years, but the five-year period affords an opportunity to make any readjustments which either the borrower or the lender may desire.

Theoretically, the plan of making mortgage loans for longer periods and providing for their repayment by amortization is sound and attractive. Few people know what the word amortization means, and some appear to think very doubtful whether the amortization methods is of any real practical value in connection with farm loans. It presupposes very regular payments, and if these are not made the account is thrown into confusion. In all probability any company which starts to apply the amortization plan will soon find itself in practice operating under the old-fashioned method by collecting substantial amounts in good years and allowing what leniency it can under other conditions. In brief, the amortization plan is too inelastic for practical purposes, at least with relation to farm loans.

BUREAUCRACY

"In the past 18 months there has arisen a particular secretarial psychology, the main feature of which is the conviction that a secretary is in a position to decide upon any and every question without knowing anything about the matter. At every step and point we see how comrades, who showed no organizing or administrative capacities * * * decide in a dictatorial manner economic and other questions the moment they are appointed to a post. By the application of these secretarial methods the bureaucratization of the party apparatus has developed to an enormous extent. A bureaucracy is unsound and unhealthy."

Guess who wrote these words. No; you are wrong; although the above aptly describes the too often modern American method of doing things, the paragraph describes conditions in red Russia. No less an observer than Leo Davidovich Trotzky, "Lion of Bolshevism," points to the future of failure awaiting Russia unless she puts greater faith

in individual effort and less in political bureaucrats. Nevertheless, Trotzky describes a prevalent American custom, fraught with the same unhealthy future.

To those who find themselves under the necessity of awaiting the decision of the All Highest ere they are able to effect changes to meet conditions as they may exist, Trotzky's further indictment of bureaucracy reads almost like homemade common sense, to wit:

"The Communist Party lives on two floors. On the upper one decisions are made. Those who live on the lower merely hear about them."

Government subsidization, whether termed as soviet or bolshevik in Russian, or republican taking-over in America, results the same way. Stagnation soon spells what at first was warmly greeted as supervision or subsidization by a procrastinating, paternalistic government bureau. It was a wise man who wrote, "The touch of government in business is the touch of death."

[Extract from Efficiency Magazine]

WHY FEDERAL OPERATION OF LAND-BANK SYSTEM IS INEFFICIENT AND DESTRUCTIVE

(By Herbert N. Casson)

Speaking quietly, without rage and prejudice, can anyone tell why all government departments in all countries are slow, wasteful, and incompetent?

There must be some basic reason for this, as the individuals in these departments can not all be inferior to the individuals in private firms.

Almost invariably an able man becomes disabled when he is placed in a government department.

He becomes timid, procrastinating, noncommittal, evasive, and unprofitable. He becomes a mere chattel of routine.

Why is this?

The fact seems to be that man simply can not be competent in a Government job, for the following reasons:

1. There is no payment for results. There is no piecework. There is no profit sharing. A man gets as much for doing badly as he does for doing well.

2. There is no fear of discharge. A man may be transferred, but as long as his conduct is satisfactory he can not be discharged for incompetence. Any sort of a fool can hold a job forever in a civil service.

3. There are no profits to be made. There is no possibility of bankruptcy. If the department doesn't pay, very well; the Treasury has plenty.

4. There is no danger of losing customers. A Government department does not depend upon its customs, so that it has no incentive to be quick and courteous and obliging.

5. The main thing is accuracy, not success. A Government employee has simply nothing to do with success. His aim is to avoid mistakes. The less he does, the fewer mistakes.

6. Time is of no consequence. As all Government employees are made into clerks they come to have a clerk's disregard for time. To clerks, as to lawyers, a delay is a relief and a comfort—the more the better.

7. The work is impersonal. There is very little personal responsibility in a Government office. The clerks have arranged a system whereby nobody is to blame, no matter what happens.

8. There is no competition. A Government department is always a monopoly. If it were not, it would soon be thrown aside. It has no competition to battle with, and it can take its ease and do as it pleases.

9. Routine is put ahead of service. In Government departments all the workers—if I may use the word—are tied with red tape. They are all the slaves of a system of procedure.

10. There is no enthusiasm. If a man stays in a Government job long enough, he becomes mummified. He loses all the energy and joy of living that are so necessary to efficiency and success.

These are only a few reasons why the presently constituted politically dominated Federal farm-loan system is a failure—why any nationalization plan has always been a failure and always will be.

Just put yourself in the place of the poor automats who run these superpolitical systems. No matter how able you are, how could you be efficient if you had:

No hope of profits, no fear of failure;

No competitors, no customers;

No reason of hurry; and

No danger of being found out.

Nationalization is the destroyer of efficiency, commerce, and industry. It is not only a coral reef built across the harbor of prosperity. It is worse. It is far worse. It is a destroyer of men. It takes an able man and grinds him down until he is a clerical drudge. This is the thing that, in a very short time, ruined the great Federal farm-loan system, which, under private initiative, might have become a mighty useful instrument in assisting our greatest industry—agriculture. Instead, the system now is a deplorable example of the failure of Government to function in behalf of those it was created to assist, and only prepares profitable jobs for political appointees whose chief interest in their jobs is the pay they receive.

HOUSE BILLS AND JOINT RESOLUTIONS REFERRED

The following bills and joint resolutions were severally read twice by their titles and referred to the Committee on Foreign Relations:

H. R. 9569. An act authorizing the payment of an indemnity to the British Government on account of the death of Reginald Ethelbert Myrie, alleged to have been killed in the Panama Canal Zone on February 5, 1921, by a United States Army motor truck;

H. R. 12178. An act to repeal Revised Statutes 1683 and part of title 22, section 32, of the United States Code;

H. R. 12179. An act to provide for the reimbursement of the Government of Great Britain on account of certain sums expended by the British chaplain in Moscow, the Rev. F. North, for the relief of American nationals in Russia in 1920;

H. J. Res. 145. Joint resolution to provide for the payment of an indemnity to the Chinese Government for the death of Chang Lin and Tong Huan Yah, alleged to have been killed by members of the armed forces of the United States;

H. J. Res. 146. Joint resolution to provide for the payment of an indemnity to the Dominican Republic for the death of Juan Soriano, who was killed by the landing of an airplane belonging to the United States Marine Corps;

H. J. Res. 148. Joint resolution to provide for the payment of an indemnity to the British Government to compensate the dependents of Edwin Tucker, a British subject, alleged to have been killed by a United States Army ambulance in Colon, Panama;

H. J. Res. 149. Joint resolution to authorize an appropriation for the compensation of William Wiseman;

H. J. Res. 150. Joint resolution to provide for the payment of an indemnity to the Government of the Netherlands for compensation for personal injuries sustained by two Netherlands subjects, Arend Kamp and Francis Gort, while the U. S. S. *Canibas* was loading on May 1, 1919, at Rotterdam;

H. J. Res. 151. Joint resolution to provide for payment of the claim of the Government of China for compensation of Sun Jui-chin for injuries resulting from an assault on him by a private in the United States Marine Corps;

H. J. Res. 152. Joint resolution authorizing and requesting the President to extend invitations to foreign governments to be represented by delegates at the International Congress of Entomology to be held in the United States in 1928;

H. J. Res. 153. Joint resolution for the contribution of the United States in the plans of the organization of the International Society for the Exploration of the Arctic Regions by Means of the Airship;

H. J. Res. 154. Joint resolution authorizing payment of the claim of the Norwegian Government for interest upon money advanced by it in connection with the protection of American interests in Russia;

H. J. Res. 259. Joint resolution authorizing assistance in the construction of an inter-American highway on the Western Hemisphere; and

H. J. Res. 262. Joint resolution requesting the President to extend to the Republics of America an invitation to attend a Conference of Conciliation and Arbitration to be held at Washington during 1928 or 1929.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3555) to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce.

Mr. NORBECK. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Mr. George N. Peek, chairman of the executive Committee of Twenty-two, North Central States Agricultural Conference. This conference was organized at the meeting of governors or their delegates from the 12 North Central States, called by Gov. John Hamill, of Iowa, in January, 1926. The purpose of the committee is to back organized agriculture in its effort to secure economic equality with industry.

Mr. Peek is also president of the American Council of Agriculture, organized in St. Paul in July, 1924. This was the first big meeting of farm leaders held after the defeat of the McNary-Haugen bill in 1924.

Prior to 1924 Mr. Peek was the president of the Moline Plow Co. and vice president of Deere & Co. and had been in the implement business since 1893. During the war he was commissioner of finished products of the War Industries Board. He is co-author of the original brief Equality for Agriculture.

This brief formed the basis of all the McNary-Haugen bills which have been before Congress. More than any other one man in the Nation, he knows the history of the legislation, the opposition it has encountered, and the underlying forces behind the tragic deflation of the farmer. He tells it in this memorandum.

The VICE PRESIDENT. Without objection, the statement will be printed in the RECORD.

The statement is as follows:

HERBERT HOOVER AND THE FARMER

By George N. Peek

Two campaign booklets have appeared and are being widely distributed in the political interest of Herbert Hoover. One is entitled "Herbert Hoover's Record as a Friend of the American Farmer," the other is "A Condensation of Statements by Herbert Hoover" on "some long-view policies for improvement of the farmers' profit."

The purpose of the documents obviously is to gain Hoover support from farmers in the pending presidential campaign. They contain material clearly calculated to serve that purpose. It is utterly impossible, however, for any propaganda to conceal or disguise the all-important fact that—

Herbert Hoover is, and has been since 1917, the arch enemy of a square deal for agriculture.

First, as food administrator, and later as the agricultural advisor of the last two administrations, he is more directly and personally responsible for the present plight of the American farmer than any other man in the Nation, although his machinations have been well concealed under a flood of propaganda.

This is well and generally understood by responsible leaders of farm organizations, particularly those serving farmers in the grain and livestock States, regardless of the statements of Mr. Hoover or of any of his friends, whether or not they be present or past farm leaders, Members of the Congress, Government officials, or private citizens.

No comment is made in this memorandum on his work in administering relief in foreign countries; that is not the record in which the farmers now, or for seven years, have been particularly interested. They are interested in knowing the facts in connection with Mr. Hoover's actions as food administrator and as Secretary of Commerce, as these actions affected the prices of their raw products, as distinguished from the prices of finished or semifinished food products; also, as to his actions as they have delayed sound relief measures in the interest of farmers, as distinguished from any representations or misrepresentations made on his behalf by anyone, including himself.

I

MR. HOOVER, FOOD ADMINISTRATOR

Before the food-control act creating the food administration was passed in the summer of 1917 Herbert Hoover was brought back from Europe with the understanding that he was to be the food administrator for the United States.

I am unable to state just what forces, working on his behalf, brought about his appointment. It has been suggested that it was secured through the influence of the allied nations, led by England, who wanted wheat and meat from the United States and wanted them cheap.

The effects upon the American farmer of his acts as food administrator are well known. They constitute a record that condemns him, and he will never be able to escape from the indictment of that record, no matter how many paid economists or others write books in its extenuation and defense.

THE DEFENSE OF HOOVER VERSUS THE TRUTH

The entire defense of Hoover's agricultural record as food administrator in the booklets to which I refer is based upon studies prepared by a man who was in the employ of Hoover or of a Hoover agency when he wrote them. The pamphlet entitled "Herbert Hoover's Record as a Friend of the American Farmer," is drawn almost wholly from that source. Its most important statements as to the effect of Mr. Hoover's operations as food administrator do not accord with the facts as the farmers know them. The pamphlet seeks to excuse Mr. Hoover in connection with the war price of wheat in the United States by attempting to place the responsibility on the wheat price committee which recommended the "fair price" for the 1917 crop, after Congress had passed the law guaranteeing that the wheat price in this country commencing with the 1918 crop should not fall below $2.

The truth is that after Congress had passed legislation in 1917 guaranteeing the farmers a minimum price of wheat to stimulate production Mr. Hoover, as food administrator, without a shadow of authority from Congress, so manipulated the wheat market that he held down the price of wheat at all times to the minimum figure fixed by the President's proclamation.

HOOVER AND WHEAT PRICES

Farmers do not so much protest against the minimum price that was named as against the fact that under Mr. Hoover's manipulations through the United States Grain Corporation, headed by his friend, Julius Barnes, America's largest grain exporter, this guaranteed minimum price was made—in effect, fixed a maximum price.

Congressman CHARLES BRAND, of Ohio, expressed what is common knowledge among farm leaders when he said in his speech of March 13, 1928:

"Agreements were made with millers and country dealers not to pay above a fixed price; and during the latter part of the period the law was enforced, prices were kept from rising by controlling miller's margin on the basis of cost of production and the 'fair price of wheat.'"

The Hoover pamphlet referred to says, for example:

"Unless some action were taken it was clear that the American farmer would receive only $1.50 a bushel for his wheat, and the price was rapidly declining toward that point."

The truth is that as the 1917 season advanced wheat prices in this country kept rising until wheat was selling at $3.40 a bushel in May, and the decline set in only when news of the action of the wheat committee and the contemplated activities of the food administration spread throughout the country.

The truth is it was Mr. Hoover's wish and intention to force down wheat prices. Congressman BRAND, in the speech above referred to, said:

"In the spring of 1917, testifying before the Committee on Agriculture, Mr. Hoover said: 'The reaction of Europe has left our prices for farm products above an endurable level and will, if we do nothing, raise them still higher, for their need grows yearly. By our entry into the war we arrived at two issues (1) the issue must have plainly fronted us in any event, the control of our food so as to ameliorate prices, (2) that we may also meet the increased demand of our allies.' * * *

"Before the committee in the Senate Mr. Hoover advocated a price of $1.50 per bushel."

On May 1, 1918, Mr. Hoover said in an address at a conference of grain dealers with the grain corporation:

"I agree with the contention of some farmers that they would be getting $5 and, perhaps, $10 a bushel for their wheat had it not been for the restraints imposed by the Government."

The truth is the aim and purpose of the United States Grain Corporation was to hold down the price of wheat.

Julius Barnes (then president of the United States Grain Corporation), shortly after he became wheat director in 1919, said:

"For two years it has not been a question of holding the price of wheat at the guaranteed level so much as preventing it from soaring above that fair price level."

How the grain corporation helped to accomplish this is explained by incidents such as the following:

Early in May the grain corporation negotiated the purchase of 4,000,000 bushels of Canadian wheat for American mills. The aim and effect was to hold American wheat prices down—and it worked.

The pamphlet referred to says:

"The allied governments had fixed the price of wheat in their own countries at about $1.80 a bushel."

The truth is the foreign governments paid more than $2.20 to their own producers. France paid the equivalent of $3.94 a bushel; Italy, $4.33; the Netherlands, $3.23; Portugal, $3.83; Spain, $3.96; Sweden, $2.95; Switzerland, $3.25; United Kingdom, $2.28; Austria-Hungary, $2.21; Algeria, $2.36.

The Hoover pamphlet also claims:

"The price was relatively higher than that of any agricultural commodity in which there was a free market * * *."

The falsity of this claim can easily be demonstrated. It is interesting to note, for example, the movement in the price of rye, which was not controlled, which suggests what might have happened in the price of wheat had the price not been held down. The average price of No. 2 rye at Chicago in March, 1918, was $2.84, while No. 2 red winter wheat was $2.17 a bushel. With rye at that price, assuming that the relationship of the price of wheat to the price of rye would have remained the same as the pre-war average relationship, wheat would have been selling for about $3.40 a bushel. This high price for rye was realized notwithstanding that the United States had the largest crop it had ever produced and regardless of the fact that European purchases were made through a single agency.

The Hoover pamphlet says:

"Had it not been for this support by the Grain Corporation under plans suggested by Mr. Hoover, the price [of wheat] would have collapsed in 1919, because of the inrush of wheat accumulations from South America."

Contrast such a claim with the statement which Mr. Hoover himself gave out in the spring of 1919 to the effect—

"That the foreign demand was so great that if purchases could be financed and if shipping could be secured wheat would go to $5 a bushel."

At the time this statement stimulated speculation in wheat and food products, although this was not in the interest of farmers who then had largely sold their wheat.

HOOVER AND LIVESTOCK PRICES

Notwithstanding claims made on his behalf, Mr. Hoover's record of pursuing a course that damaged agriculture, and then relying upon propaganda to save him from retaliation of the farmers, is just as bad as far as the livestock and corn growers are concerned as it was with wheat.

It has been stated, and it has not been denied by Mr. Hoover, that he said that his way of aiding the livestock grower was to depress the price of corn.

He said in the fall of 1917 (according to William Hirth, of the Missouri Farmers' Association and now chairman of the Corn Belt Federation of Farm Organizations):

"I know the livestock men are not receiving a price in keeping with their feeding costs, but I think the thing to do is to depress the price of corn until it is in line with the livestock markets."

Further, Mr. Hoover threatened in the fall of 1917 to take over the packing houses of the Nation if the packers permitted livestock prices to rise. On this point Mr. Hirth says:

"Prof. E. Dana Durand, who was one of his [Hoover's] chief emissaries, went to the packers and told them that if they permitted any material advance in the price of livestock that Mr. Hoover would demand that Congress give him charge of the packing plants for the period of the war."

GIFFORD PINCHOT ON HOOVER

Writing to Henry C. Wallace, who was Secretary of Agriculture under Presidents Harding and Coolidge until his death in October, 1924, Hon. Gifford Pinchot, formerly Governor of Pennsylvania, under date of February 17, 1918, said, in reference to Hoover:

"It is curious to find a man born on a farm in Iowa, as Hoover was, showing such blindness toward everything that affects and controls the farmer, but we both have met cases before where later education had wiped out an earlier training. In Hoover's case the mining engineer has won against the earlier farm boy, and has eliminated him.

"The Food Administration has been run upon the theory that the great special interests, such as the packers, the canners, the millers, should first be invited to suggest their own conditions and prices—and often their own men as well—and must then be persuaded voluntarily to accept such modifications of these proposals as the Food Administration found it to be indispensable to make, although the law had given them completely into Hoover's hand. But the farmer, the most independent of men, the last man to starve, who can be affected by persuasion alone, whose will to produce is beyond the reach of authority, was to be given his orders and told to go and carry them out. With all the blunders of all the ages to pick from, in the language of the cartoonist, 'Can you beat it?'

"Under these circumstances, with the food problem divided along unworkable lines, handled on the theory that price, distribution, and conservation have nothing to do with production, * * * with the power of the Food Administration largely in the hands of men nominated by and representing the packers and other great special interests, * * * it seems to me as if the full measure of possible mistakes had been pretty well filled to the brim. * * * Add to all this that Hoover began his services as food administrator with a contempt for public opinion, which has since been converted into supersensitiveness to temporary clamor, and you have a situation which could hardly result in anything less than disaster."

HIRTH GIVES FARMER'S VIEW

Mr. Hirth sums up the viewpoint of the corn, wheat, and livestock farmers on Mr. Hoover's record as food administrator in the following language:

"The manner in which farmers were treated during the war and since is a chapter of infamy without precedent in the history of the Nation. While the war was in progress the shout that 'Food will win the war' filled the land morning, noon, and night, and in order to serve the Nation in its hour of peril, the wives and daughters of the farmers worked in the fields from sunup till sunset—they had to do this because the sons were either at the training camps or in France. But when it became evident that our food supplies would be ample, Hoover turned a deaf ear to their pleas for a square deal. * * * And if, in the face of these facts, the Republican leaders dare to nominate Hoover for President, let them take the consequences—I repeat that the avenging wrath of the Corn Belt will be such that they will not forget it for the next 50 years."

HOOVER'S POSTWAR ATTITUDE

Another chapter, of course, is added by Mr. Hoover's attitude toward the farm-surplus problem since the war. More than any other man he was responsible for such expansion of agricultural production as occurred during the war. Therefore he bears a greater responsibility than any other man for the postwar condition of agriculture. Yet his attitude for seven years may be summed up as this—

"That if the farmers were fools enough to believe what he told them in war times, so that their total production can be sold only at ruinous prices, let them take the consequences. The only remedy is to let prices get so low that part of the farmers will be starved out in sufficient number to let the rest of them produce at a living wage."

This epitomizes the Hoover viewpoint as Food Administrator, and since, and the farmers know it.

II

MR. HOOVER, SECRETARY OF COMMERCE

Shortly after Mr. Hoover went into the Cabinet in 1921 he undertook to get control of the Bureau of Markets in the Department of Agriculture.

It was then, and it now is, believed by farm leaders in the Middle West who were familiar with his activities that he sought the transfer in the interest of private dealers, speculators, and manufacturers of farm products, the interests of the first two groups particularly being directly opposed to the interests of cooperative associations of producers.

Conspicuous in these groups was Julius Barnes, who became president of the United States Chamber of Commerce and who used this high office to prejudice business throughout the country against adequate legislation for the farmers.

It is worthy of note that the officers of the United States Chamber of Commerce have persistently opposed adequate farm legislation, particularly the McNary-Haugen bill, although they failed to submit the question to a referendum of the membership, as is the usual custom of the chamber.

It is believed now that any plan for agricultural relief to be satisfactory to Mr. Hoover must further shelter and entrench the private dealers in the marketing system, and that his actions do not confirm his statements of his interest in the welfare of cooperative marketing under the control of the farmer. On the other hand, they do indicate that his sympathies are with and his activities have been in the interest of the existing system of exchanges, boards of trade, packers, millers, and the multiplicity of middlemen, and that he would put the power of government behind them instead of behind associations of producers.

HOOVER SEEKS TO CONTROL MARKETING OF FARM PRODUCTS

In seeking control of the Bureau of Markets Mr. Hoover indicated clearly that in his opinion it was the duty of the Department of Agriculture to look after production only and that his department (Commerce) should look after distribution. His views were expressed in the following language in 1921:

"* * * the functions of the Department of Agriculture should end when production on the farm is complete and movement therefrom starts, and at that point the activities of the Department of Commerce should begin.

"Broadly speaking, the functions of the Department of Agriculture relating to soil production should end when the grain, fruit, or animal moves from the farm and the tree from the forest, and the Department of Commerce should take up its activities when manufacture, transportation, and distribution begin.

"The Department of Agriculture should tell the farmer what he can best produce, based on soil, climatic, and other cultural conditions, and the Department of Commerce should tell him how best to dispose of it."

Mr. Hoover has attempted to deny that he ever undertook to secure this transfer, but the evidence is overwhelmingly against him.

HOOVER OPPOSES WALLACE

It was no secret among the friends of Secretary Wallace and particularly among the farm leaders of the Middle West that he was constantly opposed and harassed by Mr. Hoover during both the Harding and Coolidge administrations, in almost every effort to rehabilitate agriculture. Not only did Hoover attempt to get hold of the Bureau of Markets and the Foreign Service of the Department of Agriculture, but later he opposed the department's proposals for relief.

FARM ORGANIZATIONS INTERVENE

In the summer of 1924, following the defeat in the Sixty-eighth Congress of the McNary-Haugen bill, which was prepared under the direction of Secretary Wallace, a great meeting of farm organization leaders was held in St. Paul to consider future procedure. It was recognized by this conference that the subject was economic and not political in a partisan sense, and it was agreed that these leaders would support and would urge their membership to support those candidates for Congress who had supported the McNary-Haugen bill, regardless of partisanship. The conference took no position on presidential candidates, as the platforms of both parties were satisfactory in respect to agriculture and it was not anticipated that these pledges would be repudiated.

Under date of July 31, 1924, as president of the American Council of Agriculture, formed at the St. Paul meeting, in conjunction with F. W. Murphy, chairman of the executive committee, and R. A. Cowles, secretary, I addressed a letter to President Coolidge seeking to divorce the farm question from partisan politics because both parties in their conventions had adopted platforms acceptable to agriculture. I quote from this letter:

"As a means of clarifying all included questions of economics, practicability, and urgency in an atmosphere purged of the elements of partisan and other selfish controversy, and to do so in ample season

before the next convention of Congress, the council, speaking in its proper right for the farm population of the United States, respectfully and earnestly hereby petitions you to direct the Secretary of Agriculture to immediately appoint and convene an extraordinary commission to study the situation and needs of agriculture and to recommend definite remedial legislation to Congress with a view to its enactment during the short session. To be consistent with the spirit of these purposes, such a commission should obviously be nonpartisan, should fairly represent agriculture, and should not comprise spokesmen for interests whose circumstances or conduct shows them to be inherently obtuse or selfishly inimical to the project of securing equality for agriculture under our protective system."

Several letters passed between C. Bascom Slemp, then private secretary to Mr. Coolidge and now a Hoover supporter, and the council (pp. 449 to 454, House agricultural relief hearings, serial CC, pt. 13, 1925). These indicate that Mr. Slemp did not place the letter of July 31 before President Coolidge until September 11, 1924, and that some one did not favor the Secretary of Agriculture [Mr. Wallace] calling the conference because he was recognized as a true friend of agriculture. On the other hand, Mr. Slemp was evasive and refrained from making a reply to the direct question asking if the letter of the council had been placed before the President.

On October 6, 1924, the request was withdrawn by the council in the following telegram to Mr. Coolidge:

"The executive committee of the American Council of Agriculture in session to-day decided that owing to the time which has elapsed since it made its request under date of July 31 for the appointment of an agricultural commission and the proximity of the coming election and the opening of the December session of Congress, it respectfully hereby withdraws said request for the appointment of an agricultural commission."

Meanwhile the council was informed by Mr. Slemp on August 29—"that the President * * * in his speech of acceptance * * * very definitely stated that he intended to establish such a commission for precisely the purpose your council has in mind."

Immediately after election Mr. Coolidge announced the personnel of the conference, all of the Hoover persuasion. Shortly before his death Mr. Wallace told me and others that every single name suggested to the President by him had been crossed off the list of proposals which he had seen in Mr. Slemp's office.

THE PRESIDENT'S CONFERENCE

The conference convened late in 1924, and its first report was made public on January 28, 1925. It aroused general surprise and indignation among the farm leaders who were in Washington. Later Senator NORRIS, then chairman of the Agricultural Committee in the Senate, put in the record quotations from a letter received by him from one of the members of the conference indicating that the conference was not expected to bring in constructive proposals dealing with the surplus problem.

On February 16, 1925, I went before the Committee on Agriculture in the House, and a day or two later before the Senate committee, presented certain evidence and urged an investigation of the activities of Mr. Hoover, and protested against some of the recommendations of the President's agricultural conference.

I quote from my testimony at that time pages 457–458, hearings, H. R. serial CC, part 13, February 16, 1925:

"I most respectfully and earnestly urge—

"The appointment of a congressional committee of either the House of Representatives or of the Senate, or both, to investigate—

"(a) Mr. Hoover's activities in encroaching either personally or through his department upon the functions of the Department of Agriculture. These are, I think, in conflict with the fundamental law creating the department.

"(b) Mr. Hoover's connection, directly or indirectly, with the recommendations of the President's agricultural conference; his connection with the reports and publicity of that conference and his part in defining an agricultural policy contrary to the traditions of American agriculture.

"(c) His well-known friendship and connection, if any, with exporters of farm products.

"(d) Mr. Hoover's connection with the report and publicity that the resignation of certain bureau chiefs in the Department of Agriculture would soon be requested. It is only just that the rights of great and good men, who have loyally supported the policies of the head of their department, should be protected before their life work is relegated to the scrap heap."

In connection with the recommendations of the President's agricultural conference, I said, pages 455–456 (same hearings):

"I must, therefore, protest against that recommendation of the conference 'there must, therefore, be established a balanced American agriculture by which production is kept in step with the demand of domestic markets and only such foreign markets as may be profitable.'

"I, respectfully, but with all the earnestness I possess, protest against the adoption of a national policy such as is suggested by this recommendation. I can only conclude that it means that agriculture must stop exporting, that cotton, tobacco, wheat, corn, rice, and livestock production must be restricted to domestic requirements, while industry, I assume, is to be permitted to continue in the exporting business, selling its surpluses in the world market at world prices independent of the portion used in America * * *. This would mean that millions more of our farmers must be starved out until domestic production is reduced to domestic requirements. * * *

"In whose interest is such a policy? Certainly not in the interest of the American farmer, certainly not in the interest of American industry and labor, since approximately 90 per cent of our commerce is domestic and further impairment of domestic buying power means impairment of industry and wages. Certainly not in the interest of American finance, which depends for its earnings upon a prosperous America. Certainly not in the interest of American railroads, which are dependent upon a prosperous America.

"I conceive it to be only in the interest of exporters of farm products, who profit by buying them at low prices in America and selling them at high prices in foreign markets."

I think now, as I did then, that the exporters know that if nothing is done they will be free to continue their exploitation of the farmer because production can not be controlled.

Mr. Hoover's activities in seeking to dominate the Department of Agriculture have continued, the policy of starving out acreage has been continued, his association with Mr. Barnes has continued, and the bureau chiefs, Dr. H. C. Taylor and Charles J. Brand, were forced out of the department in the spring of 1925 shortly after Congress adjourned.

EFFECT OF HOOVER POLICIES

I challenged then, and I challenge now, the economic soundness and the wisdom of the conference recommendations which were Hoover policies. The effect upon American agriculture and business in agricultural districts may be epitomized as follows:

Decrease in farm property values between 1920 and 1925, $20,000,000,000.

Increase in farm debt between 1910 and 1925, $12,000,000,000, and further increase between 1920 and 1925, $2,000,000,000.

Migration from the farm since 1920, 2,000,000 a year.

Increase in farm bankruptcies, over 1,000 per cent.

Bank failures 1910–1914, inclusive, 319, and from 1921 to 1927, inclusive, 3,917.

Commercial failures have increased from an average of 15,172 yearly in the five years from 1910–1914 to a yearly average of 21,250 from 1921–1927.

The largest increase in number of both bank and commercial failures has been in the territory west and south of the New England and Middle Atlantic States, that territory which had the least industrial expansion on account of war contracts.

III

MR. HOOVER'S "LONG VIEW POLICIES FOR IMPROVEMENT OF THE FARMER'S PROFIT"

There is nothing new in the statements in Mr. Hoover's pamphlet, Some Long View Policies for Improvement of the Farmer's Profit, concerning the problem; it "listens" well. But it is to his actions, and to some of the remedies he proposes for the farmer's troubles, rather than to his words, that the farm leaders object.

Mr. Hoover says:

"I am the firm exponent of cooperative marketing or other form of marketing facilities under the control of the farmer. * * *

"There is this limit, however, to the efficacy of cooperative marketing; it will not save the farmer from continuous overproduction. Continuous overproduction means 'unmanageable' surplus, and that can only be corrected by prices low enough to make production unprofitable for some part of the acreage in use.

"We should not mislead ourselves into thinking that cooperation is the complete solution to the problem of marketing all agricultural produce. * * *

"I am convinced that the recommendations of the President's conference (1924–25) are practical and far-sighted in the encouragement they give to thorough marketing organizations within the industry. The main issue in these recommendations is the creation of a Federal cooperative marketing board which shall * * * develop every avenue of progress for the cooperative movement. * * *"

While Mr. Hoover says he is—

"* * * the exponent of cooperative marketing associations under the control of the farmer"—

he advocated the recommendations of the President's conference in 1925 for a Federal cooperative marketing board, which were incorporated into a bill (H. R. 12348) in February, 1925, and which, if this bill had passed, would have placed cooperatives under Government regulation, supervision, and control.

FARM ORGANIZATIONS OPPOSE HOOVER PROGRAM

The provisions of this bill were so objectionable to the cooperative associations of producers and to the general farm organizations that almost without exception they vigorously opposed its passage.

The CONGRESSIONAL RECORD of February 21, 1925, contains statements of protest against the measure from many farm organizations. I quote from the statement of the National Cooperative Milk Producers Association (p. 4344), which epitomizes the objectionable features of the bill.

"Its provisions are in line with the idea of Government regulation, supervision, and promotion * * * which is diametrically opposed to the principle of self-help cooperative marketing coming from and being operated wholly by and at the will of the producers." * * * It "opens the door of the antitrust laws to combinations of distributors with cooperative associations and to the possibility of 'dummy' cooperatives being operated for the purposes of and to the advantage of combinations of distributors."

Bear in mind that this was a Hoover bill to which the farm organizations objected. It was defeated by the substitution of the Dickinson amendment, really aimed to encourage genuine associations of producers, after a bitter fight on the floor of the House of Representatives. The Senate did not vote on the bill.

FARM ORGANIZATIONS NOT MISLED

As to our misleading ourselves—

"into thinking that cooperation is the complete solution to the problem of marketing all agricultural produce"—

there is no danger of farm leaders and particularly the heads of large-scale cooperative associations misleading themselves. They are concerned, however, for fear the statements of Mr. Hoover and others high in administration circles will continue to mislead the American public and Congress.

As far back as March, 1924, when the first McNary-Haugen bill was under consideration by Congress, such leading farm organizations as the American Farm Bureau Federation, American National Live Stock Association, American Wheat Growers Associated, Corn Belt Meat Producers Association, Indiana Wheat Growers' Association, National Board of Farm Organizations, National Grange, and the National Live Stock Producers Association published a pamphlet giving their views on the McNary-Haugen bill then before Congress. Among other subjects they refer to the limitations of cooperative marketing. This statement is attached hereto. (Exhibit 1.) It shows conclusively that farmers then recognized the limitations of cooperative marketing.

While advocating cooperative marketing, Mr. Hoover says:

"The burden of participating in this partial loss—on a portion of a crop—can only be distributed if all the producers will enter into cooperation. If they will not, a fair price for their main products is destroyed with every excessive season."

He has always opposed and still continues his opposition to the equalization fee, however, although the large-scale cooperatives insist that it is essential to their successful operation, and he has had nothing to offer in its place.

HOOVER AND THE SURPLUS

Mr. Hoover says:

"Continuous overproduction, unmanageable surplus, can only be corrected by prices low enough to make production unprofitable for some part of the acreage in use."

This view is expressed in another way in the report of the President's conference, which was generally known by farm leaders to have been picked and dominated by Mr. Hoover. (S. Doc. No. 190, January 28, 1925.)

"There must, therefore, be established a balanced American agriculture by which production is kept in step with the demand of domestic markets and with only such foreign markets as may be profitable."

In the Pacific Ruralist of February 7, 1925, Mr. Hoover says:

"Generally the fundamental need is a balancing of agricultural production to our home demand."

He does not say how the farmer is to control his production, which obviously is impossible.

The Bureau of Agricultural Economics of the Department of Agriculture points out (Senate committee report on S. 3555, p. 8):

"Crop production varies both because of changes in acreage, which farmers can control, and because of changes in yields, most of which farmers can not control. The relative importance of yield and acreage differs with different crops. During the last 20 years 95 per cent of the changes in spring-wheat production were due to differences in yields; 83 per cent of winter-wheat production changes and 85 per cent of corn-production differences were likewise caused by yield changes. Corn and wheat, occupying together about half of all the crop land on American farms, thus offer only slight opportunity for the prevention of occasional years of very large crops.

"The remaining major crops—oats, hay, and cotton—are less dependent upon weather conditions, the proportions of variation due to yields being 60 per cent for cotton, 62 per cent for oats, and 47 per cent for hay. As a whole, perhaps three-quarters of the annual variation in crop production is due to yield variations and lies beyond human control through acreage adjustments."

Mr. Hoover says:

"This does not mean that we should ask our farmers to cease production in such commodities (surplus export commodities) and allow their fields to lie idle, but rather that we should explore the possibility of long-view policies making it possible to replace them with commodities which are less dependent upon export competition."

He cites as examples "wool, sugar, vegetable oils, and flax."

In an agricultural surplus-producing nation shifting production from one crop to another can never really stabilize agriculture because of the inability to control production by controlling acreage. Attempts in this direction are usually followed by disaster due to the collapse of markets theretofore profitable. About the only thing accomplished is to shift the distress from one commodity or area, temporarily unprofitable, to other commodities or areas temporarily profitable, which then in turn collapse under the weight of increased production.

HOOVER RECOMMENDATIONS NOT ACCEPTED

Sheep population does not show an increase over pre-war, but, on the contrary, shows a sharp decrease. The average for 1909–1913 was about 53,000,000 head, while the average from 1920–1927, inclusive, has been less than 40,000,000 head, and the 1927 estimate of 42,000,000 head is 20,000,000 head fewer than we had in 1900.

Sugar-beet acreage in 1926 was lower than the average from 1914 to 1920 or from 1921 to 1925.

I think, perhaps, Mr. Hoover can explain, if he will, why the production of sugar beets has not increased more rapidly. Can it be on account of the interests of certain New York financial institutions in the Cuban sugar industry? I am informed that it is. The possibility of beet-sugar development was called to Mr. Hoover's attention some years ago.

Vegetable oils are imported in very large quantities. They are substitutes for cottonseed oil and animal fats. A bitter fight was made against substantial tariffs upon them by certain large industrial interests, and they continue to be imported in enormous quantities.

Has Mr. Hoover ever publicly advocated, before the Tariff Commission or to the President, any increase in tariffs upon these commodities? I can not find that he has.

Flax acreage has shown an increase since the war, but has been decreasing since 1924.

HOOVER'S REAL REMEDY

Now we come to his real remedy. He says:

"Our domestic consumption is increasing faster than our production, and if the American farmer can have this domestic market to himself the law of supply and demand will run entirely in his favor. I feel that we are in a few years within reach of the point when agricultural profits must be relatively so much higher than in recent years that they will warrant cultivation of land more expensive to operate, provided we maintain the policies I have outlined."

This is the policy of "laissez faire," which means, "Let the situation alone; it will cure itself." "Acreage will be starved out." The pamphlet prepared and published by the farm organizations March 28, 1924, to which I have referred, gives their view on this point in no uncertain language. (Exhibit 2.)

The situation will cure itself if the political, economic, and social structure will stand the shock; but it will not.

AGRICULTURAL AND INDUSTRIAL STABILITY

Mr. Hoover says:

"We must have greater stability in this industry (agriculture) if we are to have the stability in other industries and if the Nation as a whole is to make real progress. Moreover, we can not have stability in agriculture unless we have stability in the other branches of commerce and industry."

The farmers have been seeking greater stability of their industry and have been prevented by Mr. Hoover from securing it for more than seven years. As the agricultural advisor of the last two administrations he is more responsible for the continuing depression in agriculture than any other one man in the Nation and, therefore, for the unprecedented bank and commercial failures.

Farmers recognize the necessity of stability in other industries and by refraining so long from attack upon the protective devices erected from within and without Congress for the benefit of other groups, have given substantial evidence of their appreciation of the interdependence of agriculture and other industries and of their obligation to the Nation as citizens.

Industry will do well to follow their example in this respect.

Farmers doubt the wisdom of Mr. Hoover's "long-view" policy which insists on a "laissez faire" attitude toward agriculture. They constitute a market five or six times as great for the products of industry as does the export market. They know that more than 95 per cent of the market for the products of industry is domestic, and they insist that as a matter of self-interest for industry as well as in common justice to them, industry should recognize this fact. They feel that industry should now support them by withdrawing its opposition to a constructive solution of their problem and by so doing, stimulate its own home market.

Mr. Hoover has much to say of the value to the farmer of the home market for his products, but this argument may be overworked when considering our staple crops where the world's price is almost a deter-

mining factor in our domestic price. What difference does it make to the wheat grower in Montana or Kansas, for example, if his customer lives in New England or Old England, if his price is the same from both?

The wheat grower sometimes wonders whether, if his eastern customer were not so prosperous, he would not eat more bread and pork and wear cotton clothes instead of eating more expensive foods, such as fruits and vegetables, and wearing silks.

It is a poor rule that does not work both ways.

HOOVER AND PROGRAM FOR ELIMINATION OF WASTE

Mr. Hoover suggests "the elimination of waste in production and distribution not only of what the farmer sells but also what he buys," and refers to the activities of the Department of Commerce in eliminating waste in industry.

He says:

"During the last four years we have held over 200 conferences with those representing various trades and industries. * * * Something over 100 industries and trades are developing actual programs of attainment."

One would think from reading Mr. Hoover's statement that he originated this program of elimination of waste. The truth is it was a continuation in the Department of Commerce of work commenced by manufacturers before we went into war and continued during the war in the Council of National Defense, and later in the War Industries Board.

Much of the saving effected through this program is never passed on to the consumer but is withheld by the industries as long as possible, and that is a long time when "over 100 industries and trades are developing actual programs of attainment" in cooperation with a gigantic Government department.

What has Mr. Hoover done toward eliminating waste by shortening the route of distribution from the manufacturers to the farmer?

This route is obstructed by rules and regulations within the industries.

Many cooperative associations would welcome an opportunity to serve their members by supplying them at a lower price with staple productive materials. Reference is made to such items as fertilizer, coal, lumber, cement, salt, agricultural machinery, etc.

I believe that he has done nothing in this direction but that he has concerned himself more in maintaining the present cumbersome and expensive machinery of distribution in a position of status quo.

There was a virgin field here for his attention which properly belonged to his department and which would have furnished a profitable outlet for his great energy and ability.

I wonder if it would be asking too much if we asked him to take a "long view" in this direction instead of trying to dominate the Department of Agriculture either directly or indirectly through "his man" Jardine.

HOOVER AND INLAND WATERWAYS

Mr. Hoover says:

"Construction of the St. Lawrence, Mississippi, and other waterway systems, the improvement of the Columbia and Colorado Rivers, will contribute in various directions to decreased cost of transportation."

Mr. Hoover has made public addresses in the Middle West advocating inland waterways, attempting to show, among other things, the savings to farmers on shipments of their surplus crops.

The development of the St. Lawrence waterway will take many years, and if, as he says, through increased population domestic demand will catch up with domestic production, or if we are to reduce our production to the demand of the domestic markets, why should the farmer be interested in spending the Government's money to build this waterway for the purpose of saving money on the shipment of a surplus he will not have by the time the waterway is completed, if Mr. Hoover's views on agriculture prevail?

IV

CONCLUSION

Most of the statements made by Mr. Hoover and by his friends on his behalf are so at variance with the facts as disclosed by the record of his actions and are so irrelevant to the condition of agriculture to-day that one wonders if he has been and is now seeking to serve the interests of the farm producers, the interests of dealers in and the exporters and manufacturers of the farmers' products, or his own present political interests.

The belief of the farm leaders with whom I have been associated is that he is now seeking to insinuate himself into favor with the rank and file of the farmers in order to serve his own political interests first and that if successful he will then serve the interests of the exporters, dealers, and manufacturers of the farmers' products; then, as well as his limited vision will permit, the business interests of the Nation, and that finally the farmer may have the crumbs which fall from the rich man's table.

Mr. Hoover may and probably will charge that my motives in making this statement are political and that I favor the candidacy of others for President.

In one way he is right; my motives are now political; but they are nonpartisan. I will go to any legitimate length to save agriculture and the country from such a fraud.

In my opinion any candidate yet mentioned by either party would be supported by the farm population in preference to Hoover, with such a record of duplicity and deliberate exploitation of agriculture.

If Mr. Hoover takes exception to my statements or attempts to refute them, I invite him to join with me now in a request to Congress to make such an investigation as I suggested in 1925, broadening it to include an investigation of statements herein contained. From the report of such an investigation the public can form an accurate opinion as to "his record as a friend of the American farmer" and the wisdom of his "long-view" policies.

EXHIBIT NO. 1

COOPERATIVE MARKETING WILL CURE THE ILLS

Cooperative marketing will help but can not cure the condition. A cooperative handling a commodity consumed in the domestic market can affect the price, but not with full effect with a surplus product. Even if it were possible to herd all the skeptical, the recalcitrant, and the obtuse among 6,000,000 farmers into one great wheat, corn, cotton, swine, or cattle cooperative, and it is utterly impossible to do this in time to do any good, still that great cooperative could produce but little effect on the terminal price of an export crop unless it had precisely the facilities and powers conferred on the proposed corporation by the McNary-Haugen bill. It could not do so because it would not be able to address the cause.

The cause is the surplus, the distressed world, and the tariff. It is an extraneous thing. It can not be reached by efforts here less than the segregation of the surplus from the domestic market.

The bill does not oppose cooperation; it fosters, encourages, and makes cooperation possible. It interferes not at all with the benefits derived from cooperation. By just so much as the cooperatives can secure more equitable grading, reduce the cost of domestic distribution, shorten the road from farm to market can they save for the producer portions of the difference between farm price and terminal price. But without this bill, such is the limit of their power. They can do the things above-mentioned, bill or no bill. But they can do them far better with the bill than without it, and if, during the five years of the bill's emergency existence as a law, they attain to a sufficient unity of purpose and quality of efficiency, they can take over the corporation and live happily ever afterwards.

EXHIBIT NO. 2

LAISSEZ FAIRE—LET THE SITUATION ALONE—IT IS VERY BAD, BUT IT WILL CURE ITSELF

This is the Manchester doctrine of "laissez faire." It is sound in its economics. The situation will cure itself by the immutable law of compensation. "Laissez faire" does not, however, follow as a conclusion. Smallpox becomes innocuous to a race if left alone. That is no argument against vaccination. Let us see how the situation could be cured or cure itself. It is due to a combination of two causes—the tariff, raising the American price level above the world price level on all the farmer buys, the surplus, importing the world price level into America for the farmer alone on every crop producing a surplus. Therefore the cures are these:

I. Free trade; give the farmer world prices for what he buys as well as for what he sells.

II. Curing the demoralization of the world and thus raising world prices to the American plane.

III. Elimination of surplus by—

(a) Its destruction as such.

(b) Its consumption at home by a 20 per cent increase in population.

(c) Its segregation as proposed in the bill.

(d) Its avoidance by abandonment of acreage.

There are no other ways save these or the combination of two or more of them. Free trade may be dismissed. No matter how ardent a theoretical free trader might be, he would not, being an equally ardent American, favor a sudden throwing down of the dikes and letting in on our guarded domestic structure the existing depression of a world in chaos—an influx of goods representing a hollow-eyed labor of gaunt Europe, entailing the sudden destruction of American living standard. He would not—at this perilous juncture—toss away for a beautiful theory the relatively happy state of our whole people. Even the bankrupt farmer—his home threatened and the savings of his life already absorbed—does not ask this.

The most bloodless Manchesterian would not counsel the farmer to wait till the world is restored to something approaching normal prosperity. The causes of its depression are too deep, too menacing of further depression. We can omit to consider as a counsel of value the voice that tells the farmer "Wait till the world is restored to pre-war prosperity."

Nor would anyone dare suggest that we burn our surplus or sink it in the seas—not in the presence of the hungry mouths that wail across the world. We are hardly ready to espouse such sabotage on a scale so vast.

It is quite true that the time is well within sight when we shall consume our entire farm surplus at home. At the present rate of increase of population, decreased fertility, soil erosions, and considering the fact that we are already near the limit of practicable productive acreage, that time is perhaps not more than 15 years in the future. But they would be Job's comforters who would sit down at the farmer's barren board and attempt to console him with the thought that all will be well in 15 years.

Now, the "laissez faireians" mean that the situation will cure itself much quicker than in any way yet discussed, by the abandonment of, for example, some 20 per cent of our wheat acreage. It is a pretty theory. It will take, say, five years of continued depression to beat down the sturdy resistance and the grim struggle of owners and tenants of the wheat and corn lands to preserve their homes and the remnants of their fortunes. In five years perhaps only 80 per cent of the fittest will have survived and the surplus will have been starved out. The "fittest" does not refer to the most efficient workers. It refers to the most efficient areas—those nearest to markets and most facile. The wrecked homesteads and deserted villages, the ruined fortunes, and the scattered families proposed by opponents of the bill will not result at once. Five years, at least, will be required. This breed does not quit in the face of adversity. It sticks. Then we shall have to give further years while the indicator needle of domestic demand shivers nervously and begins the upward swing which will restore tenants to those abandoned lands, and so on for five further years, up to the limit of our productive power, when we shall either begin to import these products or widen our own borders.

Is this a counsel of sanity? Build up—destroy—build up—in alternating periods of half decades? Is it not better to use an emergency measure to preserve? For what will happen in these five years of destruction? Are our people a race of yellow-faced economists who will respect this scientific reasoning with stoical indifference behind their horn-rimmed glasses? They are not. They are freckle-necked, hairy-chested fighters. Such powerful forces can crush them but not as one could press the life out of a sick kitten. They will press back. There is a social and political bearing in this economic problem.

We know what repercussion precisely this situation once did bring to the Nation. It brought the bloodiest civil war in the history of the world. Beginning with the South Carolina eruption of nullification, exactly this same subsidy of northern industry by the tariff, and at the expense of the export-producing agricultural South—exactly this was the economic cause of the Civil War, and economic causes are the only real causes of modern war. Would it now result in red revolt? Perhaps not, simply because we have learned the greater effect of more peaceful means. But it will result in something far more objectionable than the McNary-Haugen bill. It is resulting so. We have here an intrinsic inequity, an immoral policy, a great subversive cause bearing bitterly down on one of the sturdiest and most independent segments of our population. That segment is becoming highly articulate. If its grievances receive no mercy at the hands of the sacred two-party system of our political structure, it knows the power of another way and it can, should, and will use that power ruthlessly against oppression. It has tasted the savor of "bloc" control. Washington is being invaded by strange, new faces and voices that compel attention if not delight. A general election is upon us, and, dependent solely on immediate relief of this oppression, hangs the quality of the next Congress and the policy of the next administration. (A political upheaval was averted in 1924 by promises of all political parties to place agriculture upon a basis of equality with industry, promises which still remain unredeemed.) Our business structure would do well to give ear to a measure economically and politically sound, or it may give sections of its smoking flesh to measures which are not so.

There is no argument against the McNary-Haugen bill which can be said to go to its merits. There are only grievances. These grievances are not for wrongs done or threatened. They are for inequitable privileges, accustomed franchises of subsidy and exploitation, now felt to be threatened. They are protests against the cleansing of an unjust condition. They can not prevail because they have no right to prevail, and no man can advocate them without miring himself in a morass of deceits, inconsistencies, and evasions.

"Laissez faire" may be the answer to a proposal to interfere with the working of a natural law in a normal status. But when natural law has already been interfered with by the interposition of artificial controls, such as the tariff, and these artifices create subsidies, oppression, and rank injustice, "laissez faire" of the resulting condition is a counsel of dissolution. We can either abolish the old interference entirely, or we can amend its evil. But we can not leave it alone. We are dealing with an American public of the twentieth century, and not with a French proletariat of the early eighteenth.

If we are to retain the doctrine of protection—and we are—there is only one practicable way to restore justice, and that is to segregate the surplus, sell it abroad, and regulate supply to demand on the domestic market. Such is the McNary-Haugen bill.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. BORAH. Mr. President, I have no desire to delay a vote on the bill, but I had understood that the senior Senator from Montana [Mr. WALSH] intended to address the Senate at this time.

Mr. McNARY. Mr. President, yesterday I expressed the hope that to-day might be wholly devoted to the discussion of the unfinished business, the so-called farm relief bill. I am advised, however, by the distinguished Senator from Montana [Mr. WALSH] that he desires to speak on quite another subject this morning. I hope that at the conclusion of his observations we may go forward with the farm bill, as there are three or four Members of the Senate who have expressed a desire to speak to-day. I assume the Senator from Idaho is among that number.

Mr. BORAH. Not necessarily, Mr. President. I simply did not want to be taken by surprise in having the bill come to a vote; that is all. I understood that the Senator from Montana was going to speak or I should not have interrupted.

Mr. SIMMONS. Mr. President, I did not clearly understand the Senator from Oregon. Did he say that he hoped for a vote to-day on the McNary-Haugen bill?

Mr. McNARY. Not at all. I stated that there are several Senators who expressed to me their desire to speak on the bill to-day, but that the Senator from Montana [Mr. WALSH] had given notice that he was to speak on another subject, and those Senators would probably follow him. I made no reference to a vote on the bill to-day.

Mr. SIMMONS. I simply desired to express the hope that the Senator from Oregon would not call for too early action upon the farm relief bill, because I think probably it will be to the advantage of his contention if he will take a little more time and allow us to consider the bill a little more carefully than we have had an opportunity to do up to this time.

Mr. McNARY. It is not my intention to press the bill in such a way that Senators may not be heard. I shall give all Senators an opportunity to prepare their remarks and amendments. The Senator from North Carolina may be assured that he will have full opportunity to study the bill and to speak upon it.

Mr. SIMMONS. I wanted to have an opportunity further to study the bill, and I know of a number of Senators on this side of the Chamber who also desire an opportunity to do so, and to prepare some amendments that might make the bill satisfactory to some of us, to whom in its present shape it is not satisfactory.

Mr. McNARY. I shall follow that advice.

MEMORIAL SERVICES ON THE LATE SENATOR JONES OF NEW MEXICO

Mr. BRATTON. Mr. President, heretofore an order was entered by the Senate designating Sunday, April 8, as the time for the delivery of memorial addresses on the life and character of the late Senator JONES of New Mexico. That day being Easter Sunday, I now ask that the hour for the memorial services shall be fixed at 3 o'clock in the afternoon of next Sunday, the 8th.

The PRESIDING OFFICER (Mr. STEIWER in the chair). In the absence of objection, it will be so ordered.

NAVAL OIL RESERVE LEASES

Mr. WALSH of Montana. Mr. President, I rise to submit some further observations touching the address the Senator from Indiana [Mr. ROBINSON] made some time ago in the Senate in relation to the leasing of the naval oil reserves, and other matters more or less intimately associated therewith. It was quite impossible for me upon the conclusion of the last speech of the Senator from Indiana to follow all of the charges that were made in his carefully prepared address, which was read. Neither shall I now, having had an opportunity to read the speech in the RECORD, attempt to meet or discuss the multitude of misrepresentations of fact found therein, but shall content myself by referring to enough of them to characterize the entire address.

In his opening speech the Senator from Indiana assailed the distinguished Governor of New York for alleged misconduct in office. The Governor of New York needs no defense from me nor, with respect to charges made against him by the Senator from Indiana, as I think, any defense from any man.

The Governor of New York is an extraordinary man in many particulars. Even calumny has not dared to assert that he is not an honest man. The heinous offense with which he is accused is the appointment of Harry Sinclair as a member of

the Racing Commission of New York or of continuing him in that office. The charge that Harry Sinclair contributed to the campaign fund of Governor Smith in the year 1920 stands, so far as my information goes, upon the statement of the Senator from Indiana alone. However that may be, I presume no one would find any particular culpability upon the part of a manager of a campaign in the State of New York in the year 1920 in taking a contribution from Mr. Sinclair if one was offered. However that may be, Mr. President, no one has ventured to charge that there was any venality in that particular matter nor in any other official act of the Governor of the State of New York.

Just exactly what virtue or what lack of virtue is required in a racing commissioner I am not advised; just exactly what his duties and responsibilities are I am unable to say; but the whole thing seems to me, Mr. President, of that character as that it might be described, in the language of the street, as "piffle."

Then, Mr. President, the once Secretary of the Treasury, Mr. McAdoo, is the object of the envenomed shafts of the Senator from Indiana. Mr. McAdoo at the present time is a private citizen. He has exercised the inalienable right of an American citizen to have a choice for President of the United States and he has the hardihood to express that choice. The matter of his accepting employment by Mr. Doheny is very well known to the country.

I have no desire at this time to enter upon any eulogy whatever of Mr. McAdoo, but I merely desire to say that we have heard a great deal recently about the "greatest Secretary of the Treasury since Alexander Hamilton." I would not detract one iota from the merit, such as it may be, to which the present Secretary of the Treasury is entitled, but he has had an easy task. It was his duty to recommend legislation for the reduction of taxes to get rid of a plethoric condition in the Treasury.

It was the duty of Mr. McAdoo to raise money, to devise means, and recommend plans for the raising of sums by the Federal Government such as theretofore had never been even dreamed of. Moreover, when the Great War broke out and the world's systems of exchange went to smash a burden was thrown upon the Secretary of the Treasury, the like of which no predecessor has had to assume in our time. He was intrusted by act of Congress with the power to swell or reduce the circulating medium to the extent of a billion dollars; and no man has ever even suggested that that grave duty was not discharged with perfect fidelity. Later on he was empowered by the Congress of the United States to loan $10,000,000,000 to our allies, and again the duty was discharged with such faithfulness as that criticism never was voiced in any quarter. His conduct of the Liberty loan campaigns, by which huge sums were poured into the Treasury by the patriotic people of the United States, will be remembered in history to his credit.

But in the last address of the Senator from Indiana I myself was the chief object of his shafts. Mr. President, the lands recovered by the actions brought to cancel the leases of the naval oil reserves executed by Secretary Fall and Secretary Denby are stated by the present Secretary of the Navy to contain approximately a billion barrels of oil. It was in evidence before the Committee on Public Lands that a profit of $1 a barrel might reasonably be expected by anyone equipped to extract and refine and sell petroleum products. Accordingly, the Government of the United States recovered by these proceedings lands of approximately the value of a billion dollars. The press of the country has been kind enough to give me credit to some extent and to some degree for that result.

If the stockholders of a corporation should employ an attorney to recover property corruptly or fraudulently conveyed away by the directors of the company and a recovery should be had, the court would allow the complainant suing on behalf of himself as well as other stockholders an attorney's fee commensurate with the labors involved and the value of the property recovered. If I should be thus employed and should succeed as well as was the case here, the court would probably make allowance for attorney's fees that would make me richer than I ever expected to be or hoped to be or desired to be. But I have been very much more amply repaid and better repaid by, as I think, the gratitude of the American people, which the Senator from Indiana would like now to snatch away from me.

Mr. President, I think the general character of the address by the Senator from Indiana made the other day can be gathered from the comment found toward the close of his address on page 5542 of the RECORD, as follows:

> The Federal court for the district of Wyoming, in the course of the litigation over the Sinclair leases in Teapot Dome, appointed receivers for the property leased pending the final action of the litigation. These receivers have made their report, which is to the effect that the drainage of the private wells immediately outside Teapot Dome, 150 of which were drilled by virtue of leases given them by the Democratic Secretary of the Interior, have drained the naval reserves of 50,000,000 barrels of petroleum. These gentlemen, who pose as being in possession of righteous leases, are getting the cream of the naval resources. Why, the report of the receivers shows the properties illegally and fraudulently leased to Sinclair are of infinitely less value than they were when Sinclair obtained them. The report shows that the daily crude-oil production of the Sinclair properties has dwindled from 3,700 barrels to 600 barrels, due to the drainage in the private wells just outside the naval reserve. My authority for this is a report of the receivers made to the Federal court for the district of Wyoming, January 11, this year, and contained in a special dispatch from Cheyenne, Wyo., to the New York Times, appearing in that paper the morning of January 12. Fifty million barrels of petroleum is a pretty liberal honorarium for the Democratic Secretary of the Interior to hand out to a Democratic committeeman and others at the head of private oil interests.

The last sentence, Mr. President, I shall return to presently; but I call attention particularly to the information given to the Senate in the extract from which I have just read that under the report of the receivers it appears that the Teapot Dome has been drained of 50,000,000 barrels of oil by the wells in the Salt Creek field.

That is not true; and, what is more, the untruth of it is disclosed by the New York Times, which the Senator from Indiana gives as his authority. I have here the article from the New York Times of Thursday, January 12, 1928. The headlines are as follows:

ASSERTS OUTSIDERS DRAIN TEAPOT DOME—RECEIVER FOR SINCLAIR FILES REPORT THAT GOVERNMENT HAS LOST $60,000,000 TO DATE—ASSAILS EXPERT ESTIMATES—CALLS 50,000,000 BARRELS IN RESERVE A MYTH—NAVAL CORECEIVER DOES NOT CONCUR

(Special to the New York Times)

The article:

CHEYENNE, WYO., January 11.—The Teapot Dome naval oil reserve is pictured as a "political orphan" that has been drained by wells in the adjoining Salt Creek field and is virtually valueless as a source of oil for the Navy in a special report filed in the Federal court for Wyoming by Albert E. Watts, who represented the Harry F. Sinclair interests as a receiver during the litigation which resulted in the return of the reserve to the Government on the ground that the lease was tainted with fraud.

Watts served as receiver with Commander H. A. Stuart, of the Navy. If his conclusions are correct, drainage has cost the Government more than $60,000,000, and is continuing.

Fifty millions of barrels of petroleum estimated by the Government experts to have been contained by the first Wall Creek sand under the reserve are missing, Watts's report relates, and infers that it is obvious that this petroleum was drained away by privately owned wells in the Salt Creek field.

I read further:

Watts's special report is supplemental to the main report. In the latter he and the coreceiver, Captain Stuart, were in agreement.

I ask that the entire article be incorporated in the RECORD as an appendix to my remarks.

The PRESIDING OFFICER (Mr. STEIWER in the chair). Without objection, it is so ordered.

(See Exhibit A.)

Mr. WALSH of Montana. The facts about the matter are set forth in a letter addressed to me by Captain Stuart, which I send to the desk and ask to have read by the Secretary.

The PRESIDING OFFICER. Without objection, the letter will be read.

The legislative clerk read as follows:

NAVY DEPARTMENT,
Washington, April 2, 1928.

MY DEAR SENATOR WALSH: I am in receipt of your letter of March 31, 1928, in which you ask me to comment on the following extract from a speech delivered in the Senate on March 29 by Senator ROBINSON of Indiana:

"The Federal Court for the District of Wyoming, in the course of the litigation over the Sinclair leases in Teapot Dome, appointed receivers for the property leased pending the final action of the litigation. These receivers have made their report, which is to the effect that the drainage of the private wells immediately outside Teapot Dome, 150 of which were drilled by virtue of leases given them by the Democratic Secretary of the Interior, have drained the naval reserves of 50,000,000 barrels of petroleum. These gentlemen, who pose as being in possession of righteous leases, are getting the cream of the naval resources. Why, the report of the receivers shows the properties, illegally and fraudulently leased to Sinclair, are of infinitely less value

than they were when Sinclair obtained them. The report shows that the daily crude-oil production of the Sinclair properties has dwindled from 3,700 barrels to 600 barrels, due to the drainage in the private wells just outside the naval reserve. My authority for this is a report of the receivers made to the Federal Court for the District of Wyoming, January 11, this year, and contained in a special dispatch from Cheyenne, Wyo., to the New York Times, appearing in that paper the morning of January 12. Fifty million barrels of petroleum is a pretty liberal honorarium for the Democratic Secretary of the Interior to hand out to a Democratic committeeman and others at the head of private oil interests."

Permit me to say that neither on January 7, 1928, the date that the receivership on the Teapot Dome naval reserve terminated, nor at any other time during the receivership, covering a period of about four years, did the receivers make any such report as above quoted. I know whereof I speak, because I was one of the two receivers on January 7, 1928, and for a period of about 38 months prior thereto, and assistant to the Government receiver for practically all of the remaining period of the receivership.

While his speech does not say so, Senator ROBINSON undoubtedly refers to the special report of my coreceiver, Mr. Albert E. Watts, a vice president of the Sinclair Consolidated Oil Corporation. On the date that the receivership closed Mr. Watts requested and was granted permission by the court to file a separate report. This he proceeded to do in a very heartfelt and facetious swan song. I did not, and do not now, indorse any of this report, particularly the intimation that there has been a drainage of 50,000,000 barrels of oil from the Teapot Dome by wells in the Salt Creek field. The inference to be drawn from Mr. Watts's report is that all of the 50,000,000 barrels of oil which were supposed to be in what is known as the first Wall Creek sand of the Teapot Dome had been drained out by wells in the Salt Creek field. Suffice it to say that there is no first Wall Creek sand well in the Salt Creek field within about 3½ miles of the Teapot Dome reserve, and even the nearest of these wells is decidedly north of what is known as the "tight-sand" area, in which comparatively few wells of any character have been sunk, owing to its unproductivity.

No report of the receivers shows that "the daily crude-oil production of the Sinclair properties has dwindled from 3,700 barrels to 600 barrels, due to the drainage in the private wells outside the naval reserve." Mr. Watts, in his special report, did make the statement that "under the program followed by the receivers this daily production (3,700 barrels) has decreased to about 600 barrels per day at the closing of the receivership." This decrease, however, was due primarily to the fact that only two new wells were drilled during receivership and can be considered a normal decrease. However, Mr. Watts was incorrect in his statement with reference to 600 barrels; he should have said, in order to be accurate, 700 barrels. Even this quantity would be too low if the reserve had been operating normally. As it was, preparations were being made to close down the reserve, and this caused a falling off in production.

For the month of November, 1927, the average daily production was 800 barrels; and for the last six months of the year 1927, 820 barrels daily.

There are numerous other statements by Mr. Watts in his special report in which I do not concur; and, while the court gave me permission to reply thereto, I could see no point in prolonging a controversy which had been conclusively and justly settled by the United States Supreme Court decision of October 10, 1927. I considered Mr. Watts's report mainly as the wail of an unsuccessful and disappointed litigant, put out primarily for the purpose of propaganda. As evidence of this the report was printed in full—some six columns of it—in one of the Casper papers which is notoriously sympathetic to the Sinclair interests, and extracts from the report were printed rather generously throughout the country.

Mr. Watts's report was dated January 7, 1928, and not January 11, 1928, the receivership having terminated on January 7, 1928.

The above quotation from Senator ROBINSON's speech further states that his authority for making the statement concerning the receivers' report is "a special dispatch from Cheyenne, Wyo., to the New York Times, appearing in that paper the morning of January 12." Presumably, he refers to the article in columns 2 and 3, page 5, of that paper. This article reads as follows:

"Asserts outsiders drain Teapot Dome. Receiver for Sinclair files report that Government has lost $60,000,000 to date. Assails expert estimates. Calls 50,000,000 barrels in reserve a myth—naval coreceiver does not concur."

The article then goes on to expound the views of Mr. "Albert E. Watts, who represented the Harry F. Sinclair interests as a receiver," etc. Both the headlines and the article proper state that the report is a special report by Mr. Watts, a Sinclair repesentative, and not a report by "the receivers."

Yours very truly,

H. A. STUART,
Captain, United States Navy, late coreceiver, operating oil and gas lease on Naval Reserve No. 3.

Hon. THOMAS J. WALSH,
United States Senate.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Arkansas. Who is the author of the letter just read and what is his relationship to the litigation?

Mr. WALSH of Montana. The letter is written by Capt. H. A. Stuart, of the Navy. Captain Stuart was one of the officers of the Navy who from the beginning raised his voice with Commander Shafroth and Captain Halligan against the leasing of the naval oil reserves. By reason of his fidelity in that regard he was designated by the Navy Department to act as one of the receivers of the Teapot Dome property pending the litigation over the cancellation of the oil leases.

Mr. President, the offenses charged against me by the Senator from Indiana are two in number, apparently—first, that I was a member of a conspiracy to turn over the naval oil reserves, or at least the oil public lands, to corrupt interests; and second, that I urged the Senate to pay some attention to testimony given by Mr. Doheny that reserves, or some of them, were likely to be drained by wells on private lands either adjacent to reserves or within the reserves.

As to the conspiracy which the Senator asserts took form and shape immediately upon the Democrats coming into charge of the Government in 1913, it was a conspiracy, as I understand the position of the Senator, for anybody to endeavor to provide for the appropriation or disposition of those lands, running into the tens of millions of acres out in the West, believed to contain coal, oil, sodium, potash, and phosphates, for the bill which was introduced dealing with lands of that character covered all of these mineral substances; and the mere fact that Democratic officials undertook to frame a law for the disposition of lands of that character, which the previous Republican administration had been endeavoring to deal with, is sufficient justification for denouncing that effort as a conspiracy.

A conspiracy is defined in the law as a combination of persons either for the purpose of accomplishing an unlawful object, or a lawful object by unlawful means.

I want to offer for the RECORD here the original bill for the leasing of lands of this character, introduced by myself on March 16, 1914, and I ask that it be made an appendix to my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WALSH of Montana. Mr. President, I challenge any Senator to point out what there is in this bill which gives rise to any suggestion that there was any conspiracy, or purpose, even, to get these lands into the hands of corrupt interests.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Indiana. I think my charge was, in the statement made the other day, that there was a conspiracy of private oil interests to bring about this very condition which has come about, aided and abetted, perhaps, by high Democratic officials in the last administration, and by the leaders in both Houses of Congress.

Mr. President, in answer to the Senator's challenge just now to find anything in the bill introduced in 1914 to which exception could be taken, I would only use the Senator's own words on September 3, 1919, on this floor, when the Senator from Montana said, in answer to the charge of the late Senator La Follette, of Wisconsin, that this was in the interest of the interests, naming the Standard Oil Co. and others, that he had introduced a bill as early as 1913 or 1914 similar in most respects to this bill. That bill went into the question evidently of oil, because the bill passed February 25, 1920, is the leasing bill we are discussing at this time, which provides, among other things, for the leasing of wells even in the naval reserves 1, 2, and 3.

Mr. WALSH of Montana. The Senator is repeating a part of his speech, but I answer his remark made upon interrupting me as follows. I quote from the speech:

> Thus the record shows that the conspiracy of private interests to grab the oil within the naval reserves of the Nation was entered into and consummated long before the Republican National Convention of 1920—entered into and consummated with the active aid and assistance of Democratic Cabinet officers and Democratic leaders in both branches of Congress.

It will be observed, Mr. President, from this bill that it has not a thing on earth to do with the naval oil reserves. Indeed, the first paragraph of the bill expressly provides:

> That deposits of coal, phosphate, oil, gas, potassium, or sodium in land owned by the United States and not otherwise reserved shall be subject to disposition in the form and manner provided by this act to citizens of the United States.

Mr. ROBINSON of Indiana. May I ask the Senator when the naval reserves were set aside?

Mr. WALSH of Montana. They were withdrawn from entry in 1909 and 1910, so that they were not subject to disposition under this act.

Mr. ROBINSON of Indiana. But when were they set aside as reserves? That is the question I am asking.

Mr. WALSH of Montana. The naval reserves Nos. 1 and 2, my recollection is, were set aside by order of President Taft in 1912.

Mr. ROBINSON of Indiana. Was there not an order of President Wilson and of the Secretary of the Navy, or at the suggestion of the Secretary of the Navy, setting aside these same reserves, 1, 2, and 3, for purposes of the Navy?

Mr. WALSH of Montana. There was not. My recollection is President Wilson in 1919 set aside the oil-shale reserves.

Mr. ROBINSON of Indiana. In the Senator's bill, which he introduced in 1914, was there any mention made of the naval reserves that had been set aside?

Mr. WALSH of Montana. There was not.

Mr. ROBINSON of Indiana. I am going only by the Senator's own statement that he introduced a bill in 1913 or 1914, as he recalled it on that day, which was very similar to the bill then under discussion, in 1919, which was finally passed on February 25, 1920, and at that time, the Senator will not deny, there was some provision with reference to the naval reserves.

Mr. WALSH of Montana. The Senator will call attention to what there is about the naval reserves there. I am talking now about the charge of the Senator that as soon as the Democratic administration got in, it entered into a conspiracy with private interests to grab the naval oil reserves.

Mr. ROBINSON of Indiana. Mr. President, the charge was made by the late Senator La Follette that the oil interests were all around here and were in a conspiracy. If I remember rightly, he used that language, although he might not have used that word. That was certainly the substance and the meaning conveyed.

Mr. WALSH of Montana. The Senator having referred to my remarks, I quote as he quoted them:

> The genesis of this bill goes back to a bill which was introduced in 1913 or 1914, it being in all essential particulars like this, although, of course, differing some in details. That bill was introduced by myself.

Mr. ROBINSON of Indiana. That was the language of the Senator himself.

Mr. WALSH of Montana. Yes; of course, it was the language of the Senator from Montana.

Mr. ROBINSON of Indiana. And I assumed the Senator meant just what he said, that it was in all respects similar to the bill which was just then being discussed.

Mr. WALSH of Montana. Differing in detail.

Mr. ROBINSON of Indiana. And in discussing that bill, which was before the Senate on September 3, 1919, the Senator did argue in favor of leasing the oil in the reserves themselves.

Mr. WALSH of Montana. The Senator argued in favor of making provision so that wells outside should not drain the oil from inside the reserves.

Mr. ROBINSON of Indiana. But to do that the wells that were in the reserves would be leased to private interests.

Mr. WALSH of Montana. Wells should be leased so far as was necessary to protect the reserves.

Mr. ROBINSON of Indiana. And the Senator used as one of his authorities on that occasion Mr. Phelan.

Mr. WALSH of Montana. Yes; the Senator has told us so.

Mr. ROBINSON of Indiana. The Senator used Mr. Phelan.

Mr. WALSH of Montana. The Senator used as his authority Mr. Phelan, who was the oil expert for the Shipping Board, and he used Mr. Doheny, a man experienced in the oil business; and the Senator from Montana believed that the statements of those two gentlemen with respect to the matter were entitled to the consideration of the Senate.

Mr. ROBINSON of Indiana. And the Senator so stated.

Mr. WALSH of Montana. And the Senator so stated.

Mr. ROBINSON of Indiana. And that the committee had made no mistake in incorporating that provision in the measure which provided for the leasing of the oil reserves.

Mr. WALSH of Montana. Oh, no; they did not incorporate any such provision in the bill. I shall call attention to the provision in the bill. The bill made no provision for the leasing of the reserves. I will tell the Senator presently just what it did provide with respect to that.

Mr. President, not only did this bill which I introduced on March 16, 1914, expressly exclude the naval oil reserves and all other reserves and deal only with the general public lands, but it contained no provision whatever like section 17, section 18, and section 18-a of the act that was finally passed, which has provoked the animadversions of the Senator from Indiana. It did provide as follows:

> SEC. 20. That no person, association, or corporation, except as herein provided, shall be permitted to take or hold any interest, as a stockholder or otherwise, in more than one lease of each of the deposits herein named and described, during the life of such lease, and any interest held in violation of this provision shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in any court of competent jurisdiction, except that any such ownership or interest hereby forbidden, which may be acquired by descent, will, judgment, or decree, may be held for two years and not longer after its acquisition.

Mr. ROBINSON of Indiana. Mr. President, did not the Senator on that occasion use these words, after referring to Mr. Doheny, and having referred immediately before that to Mr. Phelan:

> In this situation of affairs, Mr. President, it occurs to me that the committee have acted wisely in providing that the wells already upon the reserves should be leased and that the President should have the authority to direct the drilling of other wells whenever, in his judgment, it becomes necessary to subserve the public interest. I do not believe, therefore, that those provisions of this bill are open to any serious objection.

This in response to the late Senator La Follette's objection that the bill was written in the interest of the interests.

Mr. WALSH of Montana. Quite so; but does the Senator find anything there to show that I advocated the leasing of the reserves?

Mr. ROBINSON of Indiana. Only what the Senator said himself.

Mr. WALSH of Montana. Oh, of course; what the Senator said himself was that the wells there should be leased.

Mr. ROBINSON of Indiana. And new ones opened up if necessary.

Mr. WALSH of Montana. I do not care to follow that further.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Montana yield?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Arkansas. Of course, it is perfectly clear to everybody except the Senator from Indiana that the object of the suggestion of the Senator from Montana was to conserve the Government interests by preventing the draining of oils in the reserves by wells outside the reserves.

Mr. WALSH of Montana. Exactly.

Mr. ROBINSON of Arkansas. It would not occur to the mind of any other living person who has read that statement, and the statements with it, than the mind of the Senator from Indiana, that there was any suspicious purpose connected with the suggestion which he quoted as having been made by the Senator from Montana.

Mr. WALSH of Montana. The remarks made by me and quoted by the Senator from Indiana bear honestly no such interpretation as that I ever advocated the leasing of the naval oil reserves.

Mr. ROBINSON of Indiana. Mr. President, if the Senator from Montana will yield for just an observation in answer to the Senator from Arkansas, it is perfectly proper to say that evidently the Senator had in mind conserving oil in the reserves from being drained by wells just outside, but this leasing act provided for turning over the wells outside the reserves to people who were called trespassers by the late Senator from Wisconsin, and some of them had even signed papers to get the titles believing they were election warrants, or something of that kind, and that is openly charged here; and then they were ultimately turned over to the large interests.

Mr. WALSH of Montana. Mr. President, not only was the provision to which I have just called attention found in the original bill, but reference has been made to the fact that Senator La Follette expressed some apprehension that the lands would pass into the control of great monopolies and trusts. However, the act as passed undertook to provide for that situation of affairs in section 27, which reads as follows:

> SEC. 27. That no person, association, or corporation, except as herein provided, shall take or hold more than one coal, phosphate, or sodium lease during the life of such lease in any one State; no person, association, or corporation shall take or hold, at one time, more than three oil or gas leases granted hereunder in any one State, and not more than one lease within the geologic structure of the same producing oil or gas field; no corporation shall hold any interest as a stockholder of another corporation in more than such number of leases; and no person or corporation shall take or hold any interest or interests as a member of an association or associations or as a stockholder of a corporation or corporations holding a lease under the provisions hereof, which, together with the area embraced in any direct holding of a

lease under this act, or which, together with any other interest or interests as a member of an association or associations or as a stockholder of a corporation or corporations holding a lease under the provisions hereof, for any kind of mineral leased hereunder, exceeds in the aggregate an amount equivalent to the maximum number of acres of the respective kinds of minerals allowed to any one lessee under this act. Any interests held in violation of this act shall be forfeited to the United States by appropriate proceedings instituted by the Attorney General for that purpose in the United States district court for the district in which the property, or some part thereof, is located, except that any ownership or interest forbidden in this act which may be acquired by descent, will, judgment, or decree may be held for two years and not longer after its acquisition.

It will be seen that thus far the act follows pretty much the original law. It continues:

Provided, That nothing herein contained shall be construed to limit sections 18, 18a, 19, and 22 or to prevent any number of lessees under the provisions of this act from combining their several interests so far as may be necessary for the purposes of constructing and carrying on the business of a refinery, or of establishing and constructing as a common carrier a pipe line or lines of railroads to be operated and used by them jointly in the transportation of oil from their several wells, or from the wells of other lessees under this act, or the transportation of coal: *Provided further,* That any combination for such purpose or purposes shall be subject to the approval of the Secretary of the Interior on application to him for permission to form the same: *And provided further,* That if any of the lands or deposits leased under the provisions of this act shall be subleased, trusteed, possessed, or controlled by any device permanently, temporarily, directly, indirectly, tacitly, or in any manner whatsoever, so that they form part of, or are in anywise controlled by any combination in the form of an unlawful trust, with consent of lessee, or form the subject of any contract or conspiracy in restraint of trade in the mining or selling of coal, phosphate, oil, oil shale, gas, or sodium entered into by the lessee, or any agreement or understanding, written, verbal, or otherwise to which such lessee shall be a party, of which his or its output is to be or become the subject, to control the price or prices thereof or of any holding of such lands by any individual, partnership, association, corporation, or control, in excess of the amounts of lands provided in this act, the lease thereof shall be forfeited by appropriate court proceedings.

While Senator La Follette had some misgivings about the bill in its earlier stages, when it was perfected and ready for passage he expressed quite a different view about it.

I called attention heretofore to some similar expressions from former Senator Kenyon, of Iowa, as the bill was about to be put on its final passage, when I rose and asked that final action upon the bill be deferred until Senator Kenyon had an opportunity to point out any particulars in the bill which in his judgment might permit such a result as that and to offer any amendment that might occur to him to obviate such result.

Mr. ROBINSON of Indiana. Mr. President——

Mr. WALSH of Montana. If the Senator will pardon me just a moment. He did not make any suggestion and he did not offer anything in support of any doubt that he might have concerning the measure, and apparently whatever doubt Senator La Follette had was very largely dissipated as well. I read from page 4251, as follows:

Let me add, Mr. President, while I am on my feet, that my only purpose in making that suggestion now is in order that time may be given to the consideration of the bill that might otherwise be taken up by the call of the roll and in other ways. I think great progress has been made in the consideration of this subject, and that we have before us a bill here that gives promise of legislation at this session. This bill is a wide departure from the position taken by the advocates of the legislation at the conclusion of the Sixty-fifth Congress, and I am encouraged by the improvement which has been made during the time since March in the direction of a better protection of the public interests over the measure that was presented at that time by the committee, the personnel of which is almost entirely the same as it was then—I think there are only four new members upon the committee—to hope that a day or two more given to the consideration of this measure may work out some further improvements.

I wish to commend the committee for the excellent provisions the bill contains.

Mr. ASHURST. Mr. President, will the Senator from Montana yield to me at this point?

Mr. WALSH of Montana. I yield.

Mr. ASHURST. The Senator from Indiana insisted that some of the services rendered by the Senator from Montana might not have been approved. Let me read from a speech delivered in the Senate of the United States on February 11, 1924, by the late Senator from Wisconsin, Mr. La Follette, sr., adverting to the services in this very matter rendered by the senior Senator from Montana. The Senator from Wisconsin was speaking upon the resolution requesting the President to ask for the resignation of Secretary of the Navy Denby. The Senator from Wisconsin said:

In order that I might keep within compass upon a subject which tempts me to extended discussion, I have reduced to manuscript all that I have to say, and shall follow my prepared remarks, unless in a way compelled to make digression.

Mr. President, before I discuss the pending resolution I wish to say a word in commendation of the senior Senator from Montana [Mr. WALSH] for the great public service he has performed in conducting the investigation into the entire subject of the leasing of our naval oil reserves.

This investigation has taken a full year of time and of his energy. He has conducted it under conditions of great difficulty and against obstacles which must at times have seemed almost insuperable. It has made heavy inroads upon his strength and health and has demanded the sacrifice of all other interests.

It may well be that the widespread ramifications of the scandal which has been recently unearthed largely through the efforts of the senior Senator from Montana may impose upon him too heavy a burden. He must not be hampered by lack of capable and trustworthy assistants.

Mr. WALSH of Montana. I thank the Senator.

Mr. President, with reference to the charge made that the policy of leasing the naval oil reserves did not originate with Mr. Fall and his associates, but had its origin before they came into control and was initiated by Democratic officials of the Government, let me say this.

But before I pass to that I want to refer to the press report of a statement made recently by ex-Secretary Fall or given in the deposition that was taken at his home in El Paso recently, to the effect that there was not even anything new about the order of the President by which the administration of the naval oil reserve was turned over to the Department of the Interior and taken out of the custody of the Secretary of the Navy, where it was placed by the act of Congress.

That seemed to me so startling a statement—quite in line, however, with the argument of the Senator from Indiana—that I called up Mr. Finney and asked him what the facts about the matter are. I have the following letter from him, which I ask the clerk to read.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk read as follows:

DEPARTMENT OF THE INTERIOR,
Washington, April 3, 1928.

Hon. THOMAS J. WALSH,
United States Senate.

MY DEAR SENATOR WALSH: Referring to your inquiry over the phone of this afternoon, I have to advise you that I do not know of any order signed by former President Wilson transferring jurisdiction of any or all naval reserves from the Secretary of the Navy to the Secretary of the Interior. There was submitted to President Wilson by Hon. John Barton Payne, then Secretary of the Interior, on February 16, 1921, a recommendation that 120 acres in section 28, in naval reserve No. 2, be leased under section 18 or section 18a of the leasing act of February 25, 1920, to the Consolidated Mutual Oil Co. et al., claiming under mining locations. It was stated in the letter that the Secretary of the Interior thought the entire section should be leased because of conditions set forth, but that the Secretary of the Navy would only agree to leasing 120 acres. This recommendation was approved by President Wilson. See page 222, volume 1, hearings before the Public Land and Surveys Committee, United States Senate (1924); see also pages 3185–3186, volume 3 of the same publication.

Very truly yours,

E. C. FINNEY,
First Assistant Secretary.

Mr. WALSH of Montana. In order to understand the baselessness of the charge to which I am now directing the attention of the Senate, attention must be given to the provisions of the leasing law. I refer now to the act of February 25, 1920, and not the act of June 4, 1920, under which the so-called naval oil leases were executed. That law, dealing, as I have indicated, with the general public lands and not specifically with the lands within the naval oil reserve, contemplated that prospectors might go out on the general public domain in regions where they thought oil might be found, but where the existence of oil had not been demonstrated at all, and there prospect for oil. Under the act a prospecting permit could be given for an area not to exceed 2,560 acres. If oil were found by a prospector he could then have a lease of one-fourth of the area within his prospecting permit, paying therefor a royalty of 12½ per cent, and the remainder of the land within his prospecting

permit and within the same geological structure where it had been demonstrated that oil would be found could be leased in limited areas by public auction to the highest bidder. I read the provisions in relation to leases within areas known to be valuable for the oil contained within them:

"SEC. 17. That all unappropriated deposits of oil or gas situated within the known geologic structure of a producing oil or gas field and the unentered lands containing the same, not subject to preferential lease, may be leased by the Secretary of the Interior to the highest responsible bidder by competitive bidding under general regulations to qualified applicants in areas not exceeding 640 acres and in tracts which shall not exceed in length two and one-half times their width, such leases to be conditioned upon the payment by the lessee of such bonus as may be accepted and of such royalty as may be fixed in the lease, which shall not be less than 12½ per cent in amount or value of the production, and the payment in advance of a rental of not less than $1 per acre per annum thereafter during the continuance of the lease, the rental paid for any one year to be credited against the royalties as they accrue for that year.

That is to say, Mr. President, whenever oil was discovered in a certain field the lands within that geological structure, naturally supposed to contain oil just the same as the area within which it was found, should be offered for leasing to the highest bidder after public advertisement at public auction.

There was another provision in the law which needs attention. Under the provisions of then existing law prospectors had gone out upon the public domain and had been conducting operations upon what is called wildcat territory with a view to the discovery of oil.

I might say that prior to the enactment of this legislation and prior to the withdrawal of these great areas oil land could be appropriated under what is known as the placer mining law. That law, when it was enacted, contemplated the appropriation of lands valuable for the placer mineral contents. The gold prospector would go out in the hills, follow the bed of a stream, encounter auriferous sands there, and, panning the sand, would find gold. That would be his first act—that is, he made his discovery—he found gold. Whereupon he marked out a certain area allowed to him by the law and he eventually became entitled to a patent to that particular ground. That act was equally applicable to the appropriation of oil lands, but it was regarded upon all hands as entirely inappropriate to the purpose, and therefore this new legislation was demanded by a powerful public sentiment and a perfectly justifiable public sentiment.

Mr. ROBINSON of Indiana. Mr. President, right there, if the Senator from Montana will yield, I desire to ask, Was there not a tremendous public sentiment against it in the various States, as evidenced by the many telegrams and communications put into the RECORD?

Mr. WALSH of Montana. There was a powerful public sentiment in the West against any leasing law, the people there insisting that the old law which gave a title in fee should be continued in some form. That was the position in the West.

Mr. ROBINSON of Indiana. As a matter of fact, it was charged on this floor, was it not, I will ask the Senator from Montana, and so far as I know not successfully denied, that there were any number of trespassers on those public lands outside of the oil reserves who would be given prior rights under this legislation?

Mr. WALSH of Montana. I am just going to tell about those trespasses. There were no trespassers at all. The law granted to every citizen of the United States the right to go upon the public lands and to appropriate those lands as the law provided. Accordingly, a large number of persons went upon those lands and tried to discover oil on them, just as they had tried to discover gold on them; just the same as they had tried to discover silver upon them or copper or cinnabar and lead and other metals and mineral substances. It takes a long time to get down to where the oil is, and so they reversed the process ordinarily followed and marked out an area of ground, in the first place 20 acres allowed under the placer mining law, and then proceeded to drill, but the prospector had no right to that particular land at all until he struck oil, although he was entitled to occupy the ground for the purpose of doing prospecting. When this act was passed, many of those people had gone to great expense. They had been obliged to bring machinery in to do the work; they had been obliged to build roads; they had been obliged to bring in water for the purpose of conducting their operations; they had to bring in supplies of various kinds; and these expenditures had to be met, although they had not yet discovered oil. So it was provided in section 18 of the law that in such cases persons who had thus occupied tracts of land under the existing laws, with a view to finding oil upon them, and had made expenditures, would be entitled to a preference in the lease of those particular lands. That was provided in section 18.

Now, I desire to say that the bill that I introduced had nothing to do with that question. There is no provision in the bill I introduced that has any relation to section 18 incorporated here; and yet I am not prepared to say that some provision ought not to have been made for those people. Section 18 reads as follows:

That upon relinquishment to the United States, filed in the General Land Office within six months after the approval of this act, of all right, title, and interest claimed and possessed prior to July 3, 1910, and continuously since by the claimant or his predecessor in interest under the preexisting placer mining law to any oil or gas bearing land upon which there has been drilled one or more oil or gas wells to discovery embraced in the Executive order of withdrawal issued September 27, 1909, and not within any naval petroleum reserve—

Observe, Mr. President, not within any naval petroleum reserve—

and upon payment as royalty to the United States of an amount equal to the value at the time of production of one-eighth of all the oil or gas already produced except oil or gas used for production purposes on the claim, or unavoidably lost, from such land, the claimant, or his successor, if in possession of such land, undisputed by any other claimant prior to July 1, 1919, shall be entitled to a lease thereon from the United States for a period of 20 years, at a royalty of not less than 12½ per cent of all the oil or gas produced except oil or gas used for production purposes on the claim, or unavoidably lost: *Provided*, That not more than one-half of the area, but in no case to exceed 3,200 acres, within the geologic oil or gas structure of a producing oil or gas field shall be leased to any one claimant under the provision of this section when the area of such geologic oil structure exceeds 640 acres. Any claimant or his successor, subject to this limitation, shall, however, have the right to select and receive the lease as in this section provided for that portion of his claim or claims equal to, but not in excess of, said one-half of the area of such geologic oil structure, but not more than 3,200 acres.

All such leases shall be made and the amount of royalty to be paid for oil and gas produced, except oil or gas used for production purposes on the claim, or unavoidably lost, after the execution of such lease shall be fixed by the Secretary of the Interior under appropriate rules and regulations: *Provided, however*, That as to all like claims situate within any naval petroleum reserve the producing wells thereon only shall be leased, together with an area of land sufficient for the operation thereof, upon the terms and payment of royalties for past and future production as herein provided for in the leasing of claims. No wells shall be drilled in the land subject to this provision within 660 feet of any such leased well without the consent of the lessee: *Provided, however*, That the President may, in his discretion, lease the remainder or any part of any such claim upon which such wells have been drilled, and in the event of such leasing such claimant or his successor shall have a preference right to such lease.

That is as far as is necessary to read in order to make clear what I have to say about it.

Mr. ROBINSON of Indiana. Mr. President, I should like to ask the Senator a question right there, if I may.

The PRESIDING OFFICER (Mr. STEPHENS in the chair). Does the Senator from Montana yield to the Senator from Indiana?

Mr. WALSH of Montana. I yield.

Mr. ROBINSON of Indiana. The late Senator La Follette offered an amendment to strike out section 18 of the bill. Is not that true?

Mr. WALSH of Montana. I have been looking over the RECORD, but I have been unable to find any such amendment. I dare say, however, that that is true.

Mr. ROBINSON of Indiana. And the Senator from Montana did vote against the amendment?

Mr. WALSH of Montana. I do not know anything about that; but it is a little late now to talk about a bill that was passed here in 1920. However, Mr. President, I wish to say this much, that the RECORD discloses that the bill as it was finally framed was so unobjectionable to every Member of the Senate that it passed without even a roll call. Not only upon the final passage of the bill, but upon the conference report as well, there was no roll call.

Mr. ROBINSON of Indiana. So was the amendment on June 4 agreed to without a roll call.

Mr. WALSH of Montana. Exactly; so was the amendment on June 4; and I desire to say, Mr. President, that there were then in the Senate men as regardful of the public interests as the Senator from Indiana ever will be.

The vote on the conference report is reported at page 2742 of the RECORD of February 11, 1920. The conference report was signed by—

REED SMOOT, I. L. Lenroot, H. L. Myers, and KEY PITTMAN, managers on the part of the Senate.

N. J. SINNOTT, ADDISON T. SMITH, J. A. Elston, and EDWARD T. TAYLOR, managers on the part of the House.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to. .

In exactly the same way, Mr. President, the bill passed originally without a voice being raised in opposition; but now, after eight years, the Senator from Indiana comes here and assails the bill as a conspiracy between Democratic officials and predatory oil interests.

Mr. President, having this matter in mind——

Mr. WHEELER. Mr. President, does the Senator know how the Senators from Indiana voted on that bill?

Mr. WALSH of Montana. There was no vote, and so, of course, they voted for it; that is, they must be regarded as having voted for it.

Mr. President, the charge that Democratic officials conspired to turn over the naval oil reserves to corrupt interests is not at all new with the Senator from Indiana. In the midst of the hearings conducted four years ago the Republican National Committee sought to convey that idea to the public, as will appear from the RECORD of February 25, 1924, at page 3046. I read as follows:

NAVAL OIL LAND LEASES—PERSONAL EXPLANATION

Mr. WALSH of Montana. Mr. President, I rise to a question of personal privilege. I call attention to an article appearing in the Washington Post this morning, being an Associated Press dispatch with appropriate headings, as follows:

LAW COVERING NAVAL OIL RESERVE LEASES CREDITED TO WALSH—SENATOR'S "BOAST" CITED BY THE REPUBLICAN COMMITTEE—DRIVE ON DAUGHERTY TO BE RENEWED TO-DAY—WHEELER TO MODIFY RESOLUTION IN REGARD TO NAMING OF INVESTIGATORS

(By the Associated Press)

The news bureau of the Republican National Committee issued a statement yesterday declaring the act which gives the Secretaries of the Navy and Interior the power to lease public oil reserves was fathered by Senator WALSH (Democrat) of Montana. That section under which Secretary Denby acted in signing the Doheny and Sinclair leases, the statement said, was written by former Secretary Josephus Daniels.

Speaking of the policies with respect to leasing, the statement said if there was anything wrong with them the blame should fall on Senator WALSH and Mr. Daniels.

"The leasing act received its first application"—

The statement continued—

"under the administration of Josephus Daniels and John Barton Payne, of the Navy and Interior Departments, respectively. Under their administration Government oil lands, both within and without the naval oil reserves, were leased to private interests, to be developed by them on a royalty basis."

POLICIES CREDITED TO WALSH

Senator WALSH, the statement said, in a debate on the leasing act, "boasted of the fact that he was the originator of the policy of leasing public oil lands to private interests." Secretary Daniels, it said, told Chairman BUTLER, of the House Naval Committee, that private interests were draining oil from under Government lands and obtained enactment of the section under which Secretary Denby acted, on the grounds that the Navy must protect its supply.

Under provisions of the law, the statement continued, Secretaries Daniels and Payne leased oil wells in naval reserves. Mr. Payne, it said, approved approximately 150 leases for private interests to develop and operate over 14,000 acres of oil land immediately adjacent to Teapot Dome.

That is the end of the article appearing in the Washington Post. Then I remarked:

I have before me a copy of the article issued by the news bureau of the Republican National Committee to which the Associated Press dispatch referred. This story did not originate with the Republican National Committee. It originated with a Republican paper printed in my home town, and they repeat the misrepresentation made by that paper, which asserted that the leases that had been the subject of inquiry were made under the provisions of the general leasing law approved February 25, 1920, and that I was instrumental in procuring the enactment of that law. They cited at length the debate upon one feature of that law as showing my responsibility for the enactment of the law under which the leases were made.

My attention having been called to the article, I wired to that particular paper the information that the leases were not made under the provisions of the act of February 25, 1920, at all, but were made under the provisions of the act of June 4, 1920; that they were not made under the provisions of the general leasing law at all, but were made under the provision of the naval appropriation act of that year. I said in the telegram that the paper had doubtless been inadvertently led into a mistake with respect to the matter.

I can not, however, give to the Republican National Committee or its news bureau the excuse of having been led into any inadvertent mistake. The misrepresentation on their part is perfectly deliberate and malicious, as everyone in the Senate knows who knows the facts. No one here who has had any part in the debate or who has listened to it has any kind of an idea that the leases under consideration were made under the provisions of the general leasing law but knows that they were made under the provisions of the act of June 4, 1920, which provoked no discussion whatever upon the floor of the Senate and had consideration only in connection with certain amendments that were offered by the Senator from Utah [Mr. SMOOT] and that were accepted without any debate whatever.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. WALSH of Montana. I yield to the Senator from Utah.

Mr. SMOOT. I want to say in this connection that those amendments were sent to me, as chairman of the Committee on Public Lands and Surveys, by the department itself. They were department amendments. So far as the leasing act of February 25, 1920, is concerned, I was chairman of the Committee on Public Lands and Surveys that had the leasing bill in charge. I was a member of the conference. There was no question about the passage of that act. I believe it was unanimously agreed to by both sides of the Chamber.

Mr. WALSH of Montana. The Senator is referring to the act of June 4, 1920?

Mr. SMOOT. I mean the leasing act.

Then, Mr. President, I challenged any Member of the Senate on either side of the Chamber to rise in his place and correct any misstatement of fact that I made in respect to the matter, and both the Senator from Wisconsin, Mr. Lenroot, and the Senator from Utah [Mr. SMOOT] rose in their places and said that the statement I made was substantially correct.

But, Mr. President, as I say, this is old stuff. The effort of the Republican National Committee, made in 1924, to broadcast through this country and impress the public mind with the soundness of the charges now made by the Senator from Indiana fell flat. Of course the public was not imposed upon by any such representations; but another effort was made in that direction and matter put in the RECORD which I dare say is the source of most of the information or misinformation given to the Senate by the Senator from Indiana.

It will be remembered that when the hearings before the Public Lands Committee upon this subject first began, the Senator from Utah [Mr. SMOOT] was the chairman of the committee. He was promoted to the position of chairman of the Finance Committee upon the incoming of Congress in the month of December, 1924; and his place as chairman of the Committee on Public Lands was taken by Senator Lenroot, of Wisconsin, then the ranking member of the committee. Senator Lenroot's health failed him, however, at a later stage of the proceedings and he was succeeded by Senator Ladd, of North Dakota. Senator Lenroot resigned not only as chairman of the committee but also as a member of the committee, and his place was taken by Senator Spencer, of Missouri.

Senator Spencer, in an effort to relieve the Republican Party and its managers from some share of the odium which had been cast upon them by these transactions, caused to be introduced in the record a list of some 20 questions and answers which he asserted had been sent by Secretary Denby to the Chairman of the House Naval Affairs Committee, the purpose of which was again to establish that the policy of leasing the naval oil reserves originated with the Democratic administration.

Mr. ROBINSON of Indiana. Mr. President, the Senator does not deny that charge, does he—that the policy began in the Democratic administration?

Mr. WALSH of Montana. Of leasing the naval oil reserves?

Mr. ROBINSON of Indiana. Yes. The Senator does not deny the fact that Secretary Daniels did ask for the broadest authority and did himself lease 55 wells? Does the Senator deny that?

Mr. WALSH of Montana. Secretary Daniels's acts will be referred to by me directly. I will tell just exactly what Secretary Daniels did. Secretary Daniels did lease wells in naval reserve No. 2.

Mr. ROBINSON of Indiana. And that was in the Democratic administration?

Mr. WALSH of Montana. Yes; that was in the Democratic administration.

Among these twenty-odd questions was one relating to the leasing of a portion of naval reserve No. 2 to the Boston-Pacific

Oil Co., made the subject of comment by the Senator from Indiana.

Fortunately, Mr. President, Mr. Finney, who has a perfectly intimate acquaintance with all the facts in this case, was at hand. Indeed, he was upon the stand at the time this matter was introduced, as follows:

Senator SPENCER. Mr. Finney, I want to get your judgment on a few statements which I read with a good deal of interest as coming from Secretary Denby, and some questions that were asked and answers that were given by him in response to an inquiry from the Committee on Naval Affairs of the House of Representatives. I should like to see what you think of them. The questions were asked and the answers given in March of this year. Here is question No. 1:

"Is it a fact that the then Secretary of the Navy, the Hon. Josephus Daniels, sent similar letters to the chairman of the Committee on Naval Affairs of the Senate and the House of Representatives, dated, respectively, March 29, 1920, and March 5, 1920, stating: '(a) It therefore becomes imperative "when viewed from an economic standpoint only that machinery be provided whereby wells may be drilled for protection against drainage from adjacent lands, or to supply oil for the Government's needs"; (b) and that excess oil from protective wells may be sold or storage provided for excess oil if considered advisable'?"

That will indicate the general character of the questions. But I want to invite especial attention to question No. 5, appearing at page 3559 of the hearings, referring to the lease made to the Boston-Pacific Oil Co., challenged by the Senator from Indiana:

Senator WALSH of Montana. The next is question 5:

"Question No. 5. Is it a fact that Secretary Daniels approved the leasihg without public advertisement by the Hon. J. Barton Payne, then Secretary of the Interior, and drilling of new wells on naval oil reserves?"

And the answer is:

"Answer. Yes. Under date of August 21, 1920, the then Secretary of the Navy informed the then Secretary of the Interior that the lease to the Boston-Pacific Oil Co. covering the drilling of five new wells on section 32 of naval petroleum reserve No. 2 was satisfactory to the Navy Department."

What have you to say as to the imputation there made that the policy of leasing the naval oil reserves without competitive bidding was inaugurated and initiated by Secretary John Barton Payne?

Mr. FINNEY. I do not think there is anything to that. I think the action in making these leases of these five wells and the 120 acres of section 28 was entirely correct and appropriate.

Senator WALSH of Montana. What do you think of putting out a statement the purpose of which is to inform the public that the policy of leasing naval reserve No. 3, as it was by Secretary Fall to the Mammoth Oil Co. without competitive bidding, out in New Mexico, and subsequently giving Doheny all leases on No. 3, was a policy inaugurated by Secretary Payne?

Mr. FINNEY. I do not think there was any action by Secretary Payne or the President under the other law at all.

Senator WALSH of Montana. Tell us about the matters referred to in the answer about drilling five new wells and leasing all the tract in naval reserve No. 2. It first refers to drilling five wells, and then to leasing 120 acres.

Mr. FINNEY. The leasing law, section 18, is already in the record several times, and it authorized the Secretary of the Interior to lease any wells that were then producing in the naval reserves.

Senator WALSH of Montana. He must lease them to whom?

Mr. FINNEY. To the owner of the mining location.

Senator WALSH of Montana. So there could be no possibility of a competitive bid there?

Mr. FINNEY. No, sir.

Senator WALSH of Montana. The law would not permit of it?

Mr. FINNEY. No room for any. Secondly, the President was, by the same section, given authority to lease additional wells within the area of any mining location which had upon it one or more producing wells. Thirdly, the President was given authority by the same section to lease the remainder of the area of any mining claim which had upon it one or more producing wells.

Now, that was the law. The first step under the leasing law was, naturally, an application for leasing of producing wells. Then the Boston-Pacific, getting down to this case, which had been given a lease for certain producing wells within the limits of a mining claim in reserve No. 2, held by that company, applied for the privilege or the right to drill five new wells to presumably offset the production on other lands. That matter was taken up with the Navy Department and with the Interior Department, and Secretaries Payne and Daniels agreed to leasing the wells.

Senator WALSH of Montana. Was there any room under the law for competitive bidding in these cases?

Mr. FINNEY. No; the preference, I should have stated, was granted by statute to the owner of the mining claim. These five wells were authorized to be leased and were leased to the Boston-Pacific Oil Co., the owner or claimant under the mining title.

Mr. President, the situation with respect to naval reserve No. 2 is indicated upon the map here before us. The Boston-Pacific Co. had been granted the right to drill five offset wells on a tract of land there, there being wells upon the adjacent sections that were draining that area. They were afterwards authorized to drill more wells, and eventually they were given a lease of the entire tract. As you will see, wells were drilled all around upon the adjacent property.

Mr. President, under the law there was no room for competitive bidding. There was only one man who could get the lease, and that was the man who owned the mining claim.

I have referred to this statement by Secretary Denby that was put in the RECORD over in the House, and brought into our hearings by Senator Spencer. I shall not take the time of the Senate to deal generally with it. In a general way, it merely makes the same charges that the Senator from Indiana [Mr. ROBINSON] made here on the floor the other day. It is simply a tissue of misrepresentations from beginning to end.

Secretary Denby never prepared that statement. He never prepared these questions, nor the answers to the questions.

He would not dare to come before any committee of either House of Congress and submit himself to cross-examination; he did not know anything about the matter. He did not even know that naval reserve No. 2 had been leased, and so he could not know anything about this. That statement was prepared by some one in the office of the Secretary of the Interior, by some one who had studied the facts, and turned the statement over to Mr. Denby, and he offered it here.

Mr. President, Senator Spencer was an able lawyer. He was ready at all times, and under all circumstances, to rise and defend his party against any kind of imputations, and do what he could to free it from any charges that might be made against it. It will be remembered that he valiantly came to the aid of Mr. Newberry. He even made a minority report on the hearings in which he commended Secretary Fall for his patriotic action in leasing these naval oil reserves. Yet the mendacity of the charges made in this statement was so perfectly obvious to Senator Spencer, who had, I might say, some culture, as well as legal learning—the mendacity of the thing was so perfectly apparent to him that he did not even make these assertions or attempt upon this floor to back up the charges made in the pamphlet which was fathered by Secretary Denby, but which was prepared, as I have said, by somebody in the Department of the Interior; but the Senator from Indiana is perfectly willing to become responsible for the statements made.

Mr. ROBINSON of Indiana. I was just going to say, if the Senator will permit, that as long as he has commented on the statement made by former Secretary Denby, it might be well at this juncture to put that statement into the RECORD, if the Senator has it.

Mr. WALSH of Montana. The Senator will find it in House Document No. so-and-so. However, to relieve the Senator, I can tell him that it is all quoted here, and every statement in it is subjected to cross-examination by Senator Spencer and myself.

Mr. ROBINSON of Indiana. I just thought that in the absence of Mr. Denby to speak for himself, it might be inserted in the RECORD.

Mr. WALSH of Montana. So much for the charge that leases were made within the naval oil reserves by the Democratic administration without any competitive bidding. Of course, that is true; but the law forbade any competitive bidding. The law provided that only one man or corporation, and that the corporation which had the lease upon the property beforehand, could drill these wells.

There is another charge in this connection to which I desire to call attention. It is embraced in the concluding sentence of the first extract from the speech of the Senator which I read at the opening of my address:

Fifty million barrels of petroleum is a pretty liberal honorarium for the Democratic Secretary of the Interior to hand out to a Democratic committeeman and others at the head of private oil interests.

That statement is made in connection with the charge that Secretary Payne leased a large portion of the Salt Creek oil field, as a result of which the oil within the Teapot Dome was drained out. There is on the wall here a map showing the Teapot Dome and the adjacent Salt Creek field. This lower ellipse is the Teapot Dome. Above the narrow portion here is the Salt Creek field. Salt Creek field was discovered and developed before the law of 1920 was enacted, and even long before there was any general withdrawal of public oil lands to await legislation.

Mr. ROBINSON of Indiana. Let me ask the Senator if it is not true that many of the claims were alleged to be fraudulent, and that the Democratic Attorney General was asked to prosecute in the name of the Government many of those claimants who were alleged to be trespassers?

Mr. WALSH of Montana. That is a little aside from this question. The question as to whether there were or were not fraudulent claims in the Salt Creek field has been discussed in the papers here recently. That is entirely aside from the question we are talking about, the leasing of the naval oil reserves.

An investigation of that subject was made by the Department of Justice a great many years ago. There is a report on file in the department. I asked for it some time ago, hoping that I might find time to go into the very question about which the Senator is now talking. I was advised by the Department of Justice that there was no such report there. I persisted, however, that there was such a report there, and I am glad to inform the Senate that just a few days ago they advised me that they had found the report.

There may or may not be ground for the charge that some of those claims were fraudulent. I do not know. They may or may not have been. I do not care whether they were or not; it had not a thing in the world to do with this matter. I trust the Senator from Indiana will take up that subject and demonstrate, if he can, by a proper investigation that those claims were fraudulent and that the leases should never have been issued to anyone. I should like to do it myself, but there is some evidence that the people feel that I am too active in investigations.

However, Mr. President, long before this time these lands were taken up under the old placer mining law, bear in mind, and wells were sunk all over this area. But the lands around the edge of the property seem never to have been taken up, though, of course, whenever a well is sunk, then prospectors rush in and appropriate the lands immediately adjacent to the area that has been demonstrated to be oil bearing. So the lands around the center of the Salt Creek field were all taken up, but those along the margin remained in the Government, when the withdrawal orders were made, and no one was thereafter permitted to take these lands; but when the act of 1920 was passed, those lands, not being in any reserve of any character whatever, became open to leasing just the same as lands in my State, just the same as lands in Utah, just the same as lands in California, all over the West; those lands became subject to leasing under the provisions of section 17 of the act of 1920.

What did that provide? It provided that whenever there were any of these lands within the area of a known geological field, a producing field, no prospecting permit could be granted, but leases should be granted by competitive bidding, and it became the duty of Mr. Payne, when he became Secretary of the Interior, to offer to lease those lands to the highest bidder which he proceeded to do. Those who are interested in the matter will find a list of all the leases on page 1080 of the hearings, volume 1.

Mr. President, those lands were thus put up for competitive bidding, advertised, the whole world was at liberty to come in and bid, and many did come in and bid, the royalty being fixed at 30 per cent of the production. The Interior Department recommended that the royalty be fixed at 25 per cent, the lease to be given to the one who would offer the greatest bonus.

Secretary Payne took his pencil and drew it across "25 per cent" and inserted "30 per cent," and those areas were leased at a 30 per cent royalty, together with a bonus, the man who bid the highest bonus getting the land.

Mr. ROBINSON of Indiana. The Senator does not deny the fact that those leases given at that time have drained the Navy's oil?

Mr. WALSH of Montana. I deny it. The excuse offered by Fall and by Sinclair for leasing this entire area of the Teapot Dome, some 9,000 acres, the lower part of it 4 miles away from the nearest well in the Salt Creek field—4 miles away—was that the wells in the Salt Creek field were draining the oil out of Teapot Dome. That proposition has been resolutely denied by the representatives of the Government of the United States, and is to-day denied, as shown by the letter of Captain Stuart, which has been read in evidence here this morning.

There was some evidence introduced before the committee that wells within the Salt Creek field; that is, immediately adjacent to the line, were draining to some extent, some possibly appreciable extent, the oil in the naval oil reserves, but that the effect of wells away up in the body of Salt Creek field could be felt at all in the Teapot Dome was just simply absurd. So that these lands were thus leased by Secretary Payne.

Mr. ROBINSON of Indiana. The leases that were given by Mr. Payne were just outside of Teapot Dome.

Mr. WALSH of Montana. They were just outside the Teapot Dome and they were clear beside of the Salt Creek field, reaching down in this neighborhood [indicating] and coming into contact at this narrow place here.

Mr. ROBINSON of Indiana. The Senator denies that those wells drained the Teapot Dome?

Mr. WALSH of Montana. I deny that those wells drained the Teapot Dome, and state that that was a poor excuse offered as a justification for the leasing.

Mr. ROBINSON of Indiana. Was not the Senator's main justification for relying on the testimony of Doheny, with reference to draining naval reserve No. 2, the fact that the wells adjoining No. 2, owned by private interests, were draining the naval reserve?

Mr. WALSH of Montana. The Senator is not appreciative of the fact that geological structure has a great deal to do with this matter.

Mr. ROBINSON of Indiana. That may be true, but I am asking the Senator——

Mr. WALSH of Montana. The Senator is asking me. Now, we will talk about this right here. Here are the leases right here [indicating]. The lands adjacent here were being drilled up and were producing enormously, and were undoubtedly draining the oil from this naval reserve No. 1, as indicated upon the map. It was with reference to that condition of affairs that Mr. Doheny was talking, and not with reference to the Teapot Dome at all. He likewise was talking in relation to the wells on naval reserve No. 2, scattered all through naval reserve No. 2, where the Government owned each alternate section, and every other section was held in private ownership.

Mr. ROBINSON of Indiana. Was not No. 3 referred to by Secretary Payne himself in his letter, stating that the Navy's oil was being drained?

Mr. WALSH of Montana. It was not. He had no reference to that at all. He had reference to naval reserve No. 2.

Mr. ROBINSON of Indiana. I am not certain about that in my own mind. I was asking for information.

Mr. WALSH of Montana. I am giving the Senator the information. The situation is as I have indicated. However, that is the way these were leased and that is the justification.

One of the bidders for these lands, as I am advised, was the Producers & Refiners Co., of which Mr. Barnett, of Denver, who was for quite a long while Democratic national committeeman from the State of Colorado, was the president. His company was the bidder for a considerable area of the land, and it was awarded to him because he was the highest bidder for that land. What could Secretary Payne do under the circumstances? I address that question to the Senator from Indiana. Will the Senator from Indiana give me his attention?

Mr. ROBINSON of Indiana. I was busy at the moment and did not hear the Senator.

Mr. WALSH of Montana. I was speaking about the lease to Mr. Barnett's company, the Producers & Refiners Co., to which the Senator referred. His company was the highest bidder for that tract.

Mr. ROBINSON of Indiana. I will just say in this connection that I am assembling some material on that proposition which I hope to be able to incorporate in an address at a later time.

Mr. WALSH of Montana. Assuming for the purpose that he was the highest bidder, what could Secretary Payne do?

Mr. ROBINSON of Indiana. I say I would rather not answer at this time. I have a lot of information on that subject.

Mr. TYDINGS. Mr. President, will the Senator from Montana yield just a moment for a brief statement?

Mr. WALSH of Montana. I yield.

Mr. TYDINGS. I want to tell the Senator the story of an old colored man out in Kansas City who, in spite of the fact that it was right after the Civil War, still stuck to the Democratic Party. He used to make speeches. Each time he would address the colored voters with these words: "I knows that the Democratic Party is the party what freed the slaves, but I doesn't want to be drawn into that part of the argument." Then he would say no more about it. It seems to me, after the Supreme Court has passed on this question and Cabinet officers have been thrown out of the Cabinet, that the position of some Republicans, not many, but some of them here, is, "I knows the Republican Party had nothing to do with this leasing of Teapot Dome, but I does not want to be drawn into that side of the argument."

Mr. WALSH of Montana. I have explained to the Senate just what justification there is for the statement made by the Senator from Indiana that the Democratic administration gave an honorarium to the Democratic committeemen from the State of Colorado of 50,000,000 barrels of oil—said by the receiver for

Mr. Sinclair to have been drained by Mr. Barnett's company out of Teapot Dome.

Mr. ROBINSON of Indiana. He was one of the coreceivers and it was incorporated in his report.

Mr. WALSH of Montana. Yes; but the Senator did not say he was the receiver for Mr. Sinclair.

Mr. ROBINSON of Indiana. I said he was one of the receivers.

Mr. WALSH of Montana. Yes; he was one of the receivers.

Mr. ROBINSON of Indiana. I will have a good many more facts to give the Senate before I get through with this matter, and with reference to the Salt Creek field, definitely and specifically.

Mr. TYDINGS. I hope we get facts in the RECORD.

Mr. WALSH of Montana. I want to read from the hearings about these leases made by Secretary Payne, as appears in volume 1, page 693, November 1, 1923:

Senator WALSH. In connection with the testimony given by Mr. Reavis on yesterday to the effect that a bonus of $10,000,000 might reasonably have been anticipated if competitive bids had been asked for in connection with the leasing of the Teapot Dome, I offer a plat exhibiting the edge leases on the Salt Creek field, with the names of parties to whom leases were issued, and the royalty received in each case, as well as the aggregate royalty paid.

I regret very much that we have not that plat here. It would show every lease made by Secretary Payne and the party to whom it was leased and the bonus that was paid.

Senator LENROOT. That is, the rate of royalty?

Senator WALSH. Not the rate of royalty, as that is uniform except in the case of one lease, where the royalty was one quarter, or 25 per cent.

During the administration of Secretary Payne notification was given that these leases would be offered at auction, or proposals—I do not recall which—the commissioner proposing 25 per cent. Secretary Payne approved the proposition to offer them for public sale, but in his own handwriting, across the order, directed that the royalty be 30 per cent, and the bonus for each lease is scheduled here—they all appear 30 per cent—and the aggregate bonuses amount to $1,687,000.

Senator JONES. On how many acres?

Senator WALSH. Well, I have not computed the acreage, Senator. I will have that done.

Senator JONES. The plat will show the acreage, will it?

Senator WALSH. Yes, sir.

Senator JONES. And it can be computed?

Senator WALSH. Yes, sir; it can be computed and I will have it done.

Senator LADD. Is it on the whole field?

Senator WALSH. No; this exhibits what it is. It is only on the edge water leases, the edge of the field to a very large extent, with that part that did not pass by patent or pass by adjustment under the provisions of section 18, and the royalties were as there specified, 12½ per cent.

Senator JONES. Does that show the offset wells on the naval reserves?

Senator WALSH. No; this does not show those wells.

Senator JONES. But it shows the wells just outside the reserve line?

Senator WALSH. Yes, sir.

Senator LENROOT. Does it show production?

Senator WALSH. No.

I referred to the matter of the drainage of Teapot Dome from wells within the Salt Creek field. The testimony by the experts of the Government is that whatever drainage there was would be amply taken care of by the drilling of just a few offset wells in this narrow region of the field, just exactly as was done over here [indicating on map].

Prior to the time that Mr. Daniels quit office he became impressed with the idea, advanced by Mr. Doheny and by Mr. Phelan, to which I had temerity to call the attention of the Senate when the bill was under consideration, that there was very serious drainage taking place in the eastern portion of naval reserve No. 1 in the State of California.

Secretary Daniels undertook to meet the situation and called for bids for the sinking of 22 offset wells within the reserve in order to protect it against this drainage. But, as I said the other day, he went out of office before that was completed. His successor immediately renewed the advertisement, and Mr. Doheny was the successful bidder and secured leases entitling him to drill the 22 wells as offset wells. The committee found no reason to believe that that transaction thus carried out by Secretary Fall and Secretary Denby had any sort of doubt about it. So far as the committee was able to discern, it was a perfectly legitimate transaction for the purpose of protecting the reserve.

I understand that later on a question was raised as to the validity of those leases under the law, but the committee found no cause for criticism of them in any shape or manner and never has criticized them. What they did criticize was the leasing of the entire reserve upon the pretext that it was necessary to protect the reserve against drainage.

Now, Mr. President, I want to call attention to some of the more glaring parts of the address of the Senator from Indiana. On page 5538 of his address made on March 29 last I find the following:

The record shows, contrary to the views of the Senator from Idaho [Mr. BORAH], that the "conspiracy" to get control of the oil reserves of the country was not formed in Chicago during the Republican convention of 1920, but was formed in the city of Washington during the Democratic administration of President Wilson; and it was participated in by high officials of that administration and aided and abetted by still other Democrats of high standing.

Reference has been made to the act of June 4, 1920, and it is assailed as evidence of the conspiracy thus adverted to by the Senator from Indiana. I do not know how we could reach a situation such as that suggested here unless we gave to the Secretary of the Navy or some one else the power to issue leases for offset wells, unless, of course, the Government of the United States went in and drilled wells.

Mr. ROBINSON of Indiana. And the Senator was opposed to that plan, was he not?

Mr. WALSH of Montana. It never was proposed by anybody that the United States should engage in the business of taking oil out of the ground.

Mr. ROBINSON of Indiana. And because of that fact the Senator was in favor of offset wells in the reserve where needed.

Mr. WALSH of Montana. He was in favor, as a matter of course, of legislation which would enable the Secretary to drill the wells in the adjacent territory, and that the leasing of the wells was the way that everybody thought was wise.

Mr. ROBINSON of Indiana. And the act of February 25, 1920, permitted the leasing also of wells just outside of the reserve to drain the reserve.

Mr. WALSH of Montana. The act of 1920, as a matter of course, permitted the leasing of wells anywhere upon the public domain.

Mr. ROBINSON of Indiana. The act of June 4, 1920, permitted the Secretary of the Navy to lease the reserves themselves, and the other act——

Mr. WALSH of Montana. I suppose probably if the Senator from Indiana had been here he would have made some objection that they should not lease within a certain distance of the naval oil reserves, and perhaps a provision of that kind would have been a wise one. I suppose probably he would have thought of it, but no one else did. The Senator from Wisconsin, Mr. La Follette, and the Senator from Iowa, Mr. Kenyon, did not think of it. The Senator from Indiana can not really think he is the only safeguard of the public interest in this body?

Mr. ROBINSON of Indiana. No; but the Senator will admit a safeguard ought to have been there?

Mr. WALSH of Montana. Of course. Now, in the light of what has transpired, it would have been a wise thing to keep a margin between the lessee on the public lands and the naval oil reserve. I am not sure about that. I have not given thought to it. It just occurred to me now. No one has heretofore suggested anything of the kind.

So that, Mr. President, everybody at the time having confidence in Secretary Daniels that he would not lease any more of those lands than was absolutely necessary to protect the oil within the reserves, and it being the general belief that the Navy Department would be careful to conserve the great oil deposits within the reserves, the power had to be placed somewhere, and was given to the Secretary of the Navy by the act of June 4, 1920.

Let me go on with the speech of the Senator from Indiana. On the same page, referring to Secretary Daniels, he said:

He needed no legislative enactment to empower him to leave the oil in the ground, where it had been for centuries. What Secretary Daniels wanted was power to enable him, in his discretion, to take the oil out of the ground.

I want to ask the Senator from Indiana just what he would do under those circumstances? Just what provision would he have made?

Mr. ROBINSON of Indiana. Just what I said there. If I understand it, the former Secretary of the Navy had time and again said, or at least on one notable occasion he said, that he tried to keep the oil in the ground until 1921.

Mr. WALSH of Montana. Yes; but he found that he could not do it.

Mr. ROBINSON of Indiana. But he said until 1921—from 1914 to 1921.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. I think that was his language.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. That meant until March 4, 1921, when the Democratic administration went out.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. As a matter of fact, prior to that, on June 4, a rider to an appropriation bill amending the leasing act proposed by him was adopted, and passed by the Senate, giving him permission to take oil out of the ground.

Mr. WALSH of Montana. Yes; but the Senator has not answered my question; that is, Secretary Daniels, representing this situation to Congress, asked for permission to make provision so that the situation could be met, and it was met by either authorizing him to drill the offset wells or to get some one else to drill such wells.

Mr. ROBINSON of Indiana. Or do anything else.

Mr. WALSH of Montana. What would the Senator from Indiana have done under the circumstances?

Mr. ROBINSON of Indiana. I am not talking about that; I am speaking of the former Secretary of the Navy.

Mr. WALSH of Montana. Oh, no; the Senator is assailing the act of June 4, 1920——

Mr. ROBINSON of Indiana. I do assail it.

Mr. WALSH of Montana. And practically charging Secretary Daniels with corruption in office.

Mr. ROBINSON of Indiana. No; I am not charging anybody with corruption in office. I have been very careful not to do that. What I have done, Mr. President, is to say that Secretary Daniels himself was the sponsor back of the amendment of June 4, 1920.

Mr. WALSH of Montana. Exactly.

Mr. ROBINSON of Indiana. Giving to one man all power over the naval reserves.

Mr. WALSH of Montana. And I am asking the Senator just exactly what kind of legislation he would have proposed to take care of that situation?

Mr. ROBINSON of Indiana. I think I will propose some legislation along that line if the committee that is charged with the responsibility does not do so pretty soon. That is too much authority to rest in one man's hands, in my opinion.

Mr. WALSH of Montana. I do not think it will be abused after this, as it has been.

Mr. ROBINSON of Indiana. I am not so sure about that. I hope it never will be; it should not have been abused at all.

Mr. GLASS. Mr. President, does not the Senator from Montana think he should make it perfectly clear, if he has not already done so, that the fraudulent and corrupt leasing of Teapot Dome was not done by sanction of the statute of June 4, 1920?

Mr. ROBINSON of Arkansas. That it was done in violation of that statute.

Mr. GLASS. It was done, as the Supreme Court has determined, in violation of the statute, and the statute was seized upon by the men who did it as a pretense for perpetrating that very fraud.

Mr. WALSH of Montana. Exactly; and the suggestion now, Mr. President, that there is something wrong with the statute is merely for the purpose of putting up a smoke screen to obscure the fact of the violation of that law and the corrupt leasing of this land in defiance of that law.

Mr. ROBINSON of Indiana. The Senator from Montana himself has admitted it is wrong.

Mr. WALSH of Montana. Admitted that what is wrong?

Mr. ROBINSON of Indiana. That the amendment of June 4, 1920, is wrong.

Mr. WALSH of Montana. What would the Senator say was wrong about it?

Mr. ROBINSON of Indiana. I understood the Senator to say the other day that he was not satisfied with the way in which it had worked out.

Mr. WALSH of Montana. No; I did not. The Senator asked me about section 18 of the leasing act.

Mr. ROBINSON of Indiana. What I asked the Senator about, or what I meant to ask him about, was the amendment of June 4. I will ask the Senator now if he is satisfied with the amendment of June 4, 1920.

Mr. WALSH of Montana. The Senator is again endeavoring to divert attention from the matter before us, if I may say so. I was in no wise responsible for section 18 of the act; the Senator will find no such section in the bill that I introduced; I had no part in it whatever. I agreed that something ought to be done to take care of that situation. Now, I am advised—and I have no doubt that it is true—that there was fraud committed under the provisions of section 18 of that act. That is neither here nor there. Fraud has been committed under other acts of Congress. But just now we are trying to find out who is responsible for leasing the naval oil reserves contrary to law, not in obedience to law or in conformity with law. The Senator continues:

> In other words, he expressly asked for an amendment to the leasing act—

Well, that is a matter of language—

> which would enable him in his discretion and at his pleasure to take the naval reserve oil out of the ground and do with it what he pleased. He asked for power not only to take it out of the ground but power to sell it, to store it, to exchange it.

I should like to ask the Senator again if the Secretary of the Navy was to be authorized to take the oil out of the ground through offset wells, what he was to do with it except to sell it, to store it, or to exchange it?

Mr. ROBINSON of Indiana. The Secretary of the Navy said, continued to say, and, so far as I know, yet says, that from 1914 to 1921 he continued to do everything he could to keep the oil in the ground, while I am saying that is just what he did not do.

Mr. WALSH of Montana. The Senator is not answering my question; he is criticizing this law——

Mr. ROBINSON of Indiana. I still criticize it.

Mr. WALSH of Montana. And he is calling attention to power invested in the Secretary of the Navy which ought not, he says, to be confided in him.

Mr. ROBINSON of Indiana. That is true.

Mr. WALSH of Montana. I ask him what change he would make.

Mr. ROBINSON of Indiana. I have already told the Senator what change I would make. I would take a lot of power away from the Secretary of the Navy.

Mr. WALSH of Montana. Yes; but the Senator would not take the power away from him to sell oil, would he?

Mr. ROBINSON of Indiana. I would certainly take the power away to give one man the complete control over the oil reserves of this Nation that we might have to depend upon ultimately for our national preservation.

Mr. WALSH of Montana. The Senator does not live in a public-land State. If he did he would know that for years similar powers have been invested in the Secretary of the Interior, and the public lands can not be disposed of in any other way.

Mr. ROBINSON of Indiana. That would not make any difference, so far as my opinion of this law is concerned.

Mr. WALSH of Montana. The Senator from Indiana continues:

> Why, he even asked for power in this amendment to go into the refining business, and, as if this were not sufficient, he then asked for a blanket authorization to "otherwise dispose of the oil and gas products" in the naval reserves in whatever way it suited him. It was a proposal to place in the hands of one man, the Secretary of the Navy, all of the naval oil reserves of the United States, to be used by him in his discretion without let or hindrance, without any check by any governmental authority.

And up to the present time there has never been a criticism of the execution of the law except in the case of the two reserves which were leased to Sinclair and Doheny.

The Senator from Indiana continues:

> No one can claim that this proposition was in the interest of conserving the oil that was in the ground.
>
> The Senator from Virginia supported this amendment. The Senator from Montana supported it. The amendment became a law through the process of being attached as a rider to the naval appropriation bill, June 4, 1920.

What does that mean? That, of course, carries the intimation that there was a powerful dispute here upon the floor in relation to the act of June 4, 1920; that presumably all of the Republicans on the other side of the Chamber were aligned against it and that it had powerful supporters upon this side, including the Senator from Virginia and the Senator from Montana. If that is not what this means, can anybody explain what it does mean? Neither the Senator from Virginia nor the Senator from Montana supported the amendment in any other sense than that they were here when it was passed by unanimous vote in the Senate and without a dissenting voice from any quarter, as the Senator from Indiana well knows.

Mr. ROBINSON of Indiana. The Senator has no objection to being mentioned as one who did support it, has he?

Mr. WALSH of Montana. No; but I do not care to be misrepresented.

Mr. ROBINSON of Indiana. That does not misrepresent the Senator.

Mr. WALSH of Montana. Yes; it does misrepresent me.

Mr. ROBINSON of Indiana. The Senator did vote for it, did he not?

Mr. WALSH of Montana. As I have indicated, the purpose of that statement was to convey the idea that there was a fight on the floor here and that the Senator from Virginia and the Senator from Montana were here standing up fighting for the amendment.

Mr. ROBINSON of Indiana. It does not say so, Mr. President.

Mr. WALSH of Montana. It does not say so, no; and the Senator has not said that Franklin K. Lane was a corrupt official either.

Mr. ROBINSON of Indiana. Of course, he has not said that.

Mr. WALSH of Montana. The Senator has not said anything that would lead anyone to think so.

Mr. ROBINSON of Indiana. I have just stated the facts and drawn the conclusions very definitely, and the conclusions are what the Senator objects to.

Mr. WALSH of Montana. So far as stating the facts is concerned, when the statement is made that the Senator from Montana supported it and the Senator from Virginia supported it, what is meant?

Mr. ROBINSON of Indiana. Either the Senator did support it or he did not. Did he or not?

Mr. WALSH of Montana. That is not the truth at all. Supporting it means arguing in favor of it, talking in favor of it, voting in favor of it, and so on, and so on, as the Senator very well knows.

Mr. ROBINSON of Indiana. What does not supporting it mean, then, may I ask the Senator?

Mr. WALSH of Montana. I do not care to discuss the matter further.

The Senator from Indiana in his speech continues:

No sooner was the amendment which he wrote, and which the Democratic Senators in this body supported, operative, than he began to permit the Navy's oil to be taken out of the reserves by private oil corporations. He did this without advertising for or permitting competitive bids. He did it merely by holding private conferences with representatives of private corporations, just as the thoroughly discredited Secretary Fall did later, and giving them leases in the oil reserves. The records of the Navy Department indisputably back up this assertion in case after case.

What does that mean, Mr. President? It means that Secretary Daniels granted leases in naval reserve No. 2 and in no other reserve to the parties who were entitled to leases under the provisions of the law which authorized him to lease wells within the reserve where other wells were there draining the ground, but he could not possibly grant a lease to anyone else or offer it by competitive bidding of any character.

Again, the Senator from Indiana says:

So far as the official record shows, Franklin K. Lane, Secretary of the Interior in the Democratic administration, was the originator of the proposal to lease naval reserve oil lands to private oil interests, to be exploited by them. The record shows that on August 1, 1917, Secretary Lane communicated with other members of the Cabinet, namely, Secretary of the Navy Daniels, Secretary of War Baker, Secretary of Labor Wilson, Secretary of Commerce Redfield, and Secretary of Agriculture Houston, to the effect that naval reserve No. 2 was being drained by private oil wells located just outside its borders, and that as an offset territory within the reserve ought to be leased at once to private corporations. This communication was in the form of a formal letter which exists in the files of all these departments.

That, Mr. President, is offered as excusing or justifying the leasing of this entire naval oil reserve here [indicating on map] and the Teapot Dome shown on the other map over there [indicating].

Mr. ROBINSON of Indiana. If the Senator refers now to what Fall did, of course it does not justify it; of course he was corrupt, and, of course, was thoroughly discredited; and I say that he should have a prison sentence. I have said that before. All of those who have betrayed the country should be brought to justice and in a hurry whether they are Democrats or Republicans. That is my position.

Mr. WALSH of Montana. The Senator up to this time has not given us very much aid in that direction.

Mr. ROBINSON of Indiana. I am doing everything I can to help the Senator or anybody else who is interested in bringing the criminals to justice.

Mr. WALSH of Montana. Some of us got there a little earlier.

Mr. ROBINSON of Indiana. That may be true, but now that I am here I want to help.

Mr. WALSH of Montana. But up to the present time the Senator has not endeavored to aid in any appreciable way.

Mr. ROBINSON of Indiana. At present I am trying to show that not all the crooks were in any one party, and I think I have done so conclusively.

Mr. WALSH of Montana. There may be some information in the possession of some citizens of the Senator's State that may be valuable to him.

Mr. ROBINSON of Indiana. That has been brought up time and again, and the Senator may refer to it as often as he desires.

Mr. WALSH of Montana. The Senator from Indiana in his speech continued:

The Senator from Montana, however, is authority for the statement that the campaign to permit private oil interests to invade and exploit public oil reserves began earlier. He is authority for the statement that it began as soon as the Democratic Party came into power in 1913, and that the campaign was headed by Secretary of the Interior Lane and Democratic leaders in both branches of Congress, including the Senator himself.

I now desire to ask the Senator from Indiana if he can propose any law for the disposition of these public lands out West that are supposed to be valuable for oil other or different from the law that we now have, other or different from the law that was passed by me by the bill which was introduced in 1914. There was a big fight, Mr. President. I led in that fight in favor of the leasing system as against the system of permanent alienation of these lands; and that was the one controversy that was roused by this legislation.

Mr. ROBINSON of Indiana. Mr. President, this admission the Senator made on the floor of the Senate September 3, 1919, when the leasing act, now a law, was being debated.

This "admission"—this "admission the Senator made on the floor," and so forth.

It was in an attempted answer to this direct and serious charge of the late Senator La Follette that the Senator from Montana divulged the fact—

Actually wrung out of the Senator from Montana by some process of examination—

divulged the fact, offered in defense of his attitude at that time.

There was no "defense" about it, as the excerpt which the Senator read clearly discloses. There was nothing "divulged." There was nothing "admitted." The statement was a perfectly free statement upon my part on the floor of the Senate that I had in 1914 introduced the prototype of the bill under consideration.

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The Senator from Montana will not deny the charge that he himself at the time the leasing act was up, was the chief advocate of the proposition to permit private oil interests to operate in naval reserves, upon the ground that other private oil interests, by locating wells immediately outside the naval reserves, were draining those reserves.

Which, of course, implies that the Senator was fighting for that proposition.

Mr. ROBINSON of Indiana. The Senator was fighting for the whole bill, was he not?

Mr. WALSH of Montana. I was fighting, of course, for the bill.

Mr. ROBINSON of Indiana. And that was part of the bill?

Mr. WALSH of Montana. That was part of the bill.

Mr. ROBINSON of Indiana. And the Senator defended that part of the bill on the floor?

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. And quoted Mr. Doheny as authority.

Mr. WALSH of Montana. But where does the Senator get the information that I was the principal advocate of that?

Mr. ROBINSON of Indiana. Because the Senator was the principal advocate of the bill, was he not? And did not the Senator say so?

Mr. WALSH of Montana. Yes; but there are a lot of other things in the bill besides that.

Mr. ROBINSON of Indiana. Why, of course, there are.

Mr. WALSH of Montana. And it was the other things that I was particularly interested in, as I have indicated, where there were not any oil reserves.

Mr. ROBINSON of Indiana. And the Senator was particularly interested in that feature, was he not?

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. The Senator spoke for it.

Mr. WALSH of Montana. Of course, the Senator did that for the purpose of misleading those who heard him or who would read his speech.

Mr. ROBINSON of Indiana. The Senator does not deny, does he, that he made the speech in favor——

Mr. WALSH of Montana. I do not deny that I made the speech read there. I do deny that there was any "admission." I do deny that there was any "divulging." I do deny that I was the principal advocate of that provision of the bill.

Mr. ROBINSON of Indiana. After making that statement, did not the Senator wind up with this final sentence:

That is all I care to say about this being a Standard Oil bill.

Mr. WALSH of Montana. Yes.

Mr. ROBINSON of Indiana. All right.

Mr. WALSH of Montana. Does the Senator assert that it was?

Mr. ROBINSON of Indiana. The late Senator from Wisconsin, Mr. La Follette, had just asserted that it was.

Mr. WALSH of Montana. Oh, the late Senator from Wisconsin has been quoted here. What he said is in the RECORD. The Senator from Indiana has put it in ad infinitum; and I have called attention to the fact that, whatever he had to say about it, he eventually voted for the bill.

Mr. ROBINSON of Indiana. No; I have not put in one-tenth of what the Seantor had to say about this being a Standard Oil bill.

Mr. WALSH of Montana. No; but the Senator has not put in that Senator La Follette voted for it, just as I did.

The Senator continues:

The Senator from Montana will not deny the charge that he himself at the time the leasing act was up, was the chief advocate of the proposition to permit private oil interests to operate in naval reserves, upon the ground that other private oil interests, by locating wells immediately outside the naval reserves, were draining those reserves, and the only way for the Government and the Navy to obtain the oil from reserves was to permit their exploitation by private corporations. The entire debate on the leasing act, which became a law in February, 1920, is filled with arguments advanced by the Senator in support of this proposition and to support him in his arguments he quoted Mr. Edward L. Doheny.

Can the Senator call attention to any other?

Mr. ROBINSON of Indiana. Yes; I think on the 25th of August—I am not certain of that date—the Senator justified his position on the proposition of leasing the naval reserves along the same line. I may be mistaken about this date, however.

Mr. WALSH of Montana. Will the Senator give us a reference to that part of the RECORD?

Mr. ROBINSON of Indiana. I think I have it here. The Senator might go on with his speech for a minute or two, and I will try to find it.

Mr. WALSH of Montana. The Senator continues:

We will leave Mr. Doheny for a moment, but come back to him presently. Now, let us balance up the situation. The record shows that almost as soon as the Democratic Party came into power in 1913 an extensive and intensive campaign began, headed by Secretary Lane, participated in by the Democratic leaders in both branches of Congress, with the Senator from Montana as its spokesman in this body, to open up naval oil reserves for exploitation by private oil corporations, upon the ground that private wells just outside those reservations were draining the oil from the Navy's reserves, and it was a matter of self-defense to sink offset wells.

Mr. President, I shall take no more time in discussing this address of the Senator. I fear I have tired the Senate long ago. I know of no protection that anyone has against aspersions, so freely indulged in by the Senator from Indiana in his various addresses upon this subject, except in the self-respect and gentlemanly instincts of Members who speak on this floor under the privilege of the Constitution to be exempt from being called to answer in any other place for what they say here.

I am not at all alarmed that this effort by the Senator from Indiana to cast aspersions upon my part in this legislation, or upon the part of the Democratic administration, will have any more effect upon the public mind than the attempt of a similar character that was made by the Republican National Committee in 1924, or by Mr. Denby when he submitted his questions and answers to the chairman of the Naval Affairs Committee of the House, or by Senator Spencer when he gave consequence to these questions and answers by introducing them in the hearings before the committee. I have no doubt that the public, except a very limited few, will form their judgment about this matter, as they have in the past, by the indisputable facts disclosed in the investigation.

Mr. President, some time ago former Secretary Payne prepared a brief compendium of the laws applicable to the disposition of the public oil lands and the naval reserves, so far as the law applied to the disposition of the same. I ask that the same be incorporated in the RECORD as Exhibit B to my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

EXHIBIT A

[From the New York Times, Thursday, January 12, 1928]

ASSERTS OUTSIDERS DRAIN TEAPOT DOME—RECEIVER FOR SINCLAIR FILES REPORT THAT GOVERNMENT HAS LOST $60,000,000 TO DATE—ASSAILS EXPERT ESTIMATES—CALLS 50,000,000 BARRELS IN RESERVE A MYTH—NAVAL CORECEIVER DOES NOT CONCUR

(Special to the New York Times)

CHEYENNE, WYO., January 11.—The Teapot Dome naval oil reserve is pictured as a "political orphan" that has been drained by wells in the adjoining Salt Creek field and is virtually valueless as a source of oil for the Navy in a special report filed in the Federal court for Wyoming by Albert E. Watts, who represented the Harry F. Sinclair interests as a receiver during the litigation which resulted in the return of the reserve to the Government on the ground that the lease was tainted with fraud.

Watts served as receiver with Commander H. A. Stuart, of the Navy. If his conclusions are correct, drainage has cost the Government more than $60,000,000, and is continuing.

Fifty millions of barrels of petroleum estimated by the Government experts to have been contained by the first Wall Creek sand under the reserve are missing, Watts's report relates, and infers that it is obvious that this petroleum was drained away by privately owned wells in the Salt Creek field.

Watts ridicules as a "legal fiction" the contention of experts for the Government that there is not drainage from the reserve into the Salt Creek wells.

Predicating his opinion upon the records of 84 wells drilled on the reserve and upon his experience of 25 years in the oil business, Watts warns the Government that there has been drainage and now is drainage, and advises that the actual performance of the wells is more reliable than the estimates of geologists upon whose testimony in the annulment trial the "legal fiction" of nondrainage was based.

SAYS DRAINAGE BEGAN LONG AGO

Watts's special report is supplemental to the main report. In the latter he and the coreceiver, Commander Stuart, were in agreement.

"The subject provoking the chief and, I may say, the only real difficulty arising between the coreceivers," says Watts in his report, "developed over the methods to be employed by the receivers to preserve the receiver's estate from drainage from wells drilled outside of naval reserve No. 3, such wells having been drilled on lands under Government supervision.

"Over such lands there existed no jurisdiction by your court in so far as the litigation involving the receivership was concerned. It is my opinion, based on many months of contact with naval reserve No. 3 and from some 25 years of observation and experience in the oil industry, that naval reserve No. 3 is now being drained by wells located off the reserve, and had been drained prior to the establishment of the lands as a reserve, and, furthermore, it was seriously being drained at the time of the leasing of the reserve.

"The high sounding and rosy representations of Government experts as to the petroleum content of naval reserve No. 3, made at the time of its being leased, have all failed to materialize, although some 84 holes have been drilled to test out the promising formations and prove the representations of the Government bureaus made for the purpose of compelling an unusually burdensome task for the lessee.

CALLS OIL IN SAND BEDS A MYTH

"It is a notorious fact that, although Government bureaus represented to the lessee that there was some 50,000,000 barrels of oil contained in the first Wall Creek sand within the reserve, not one barrel of oil from this sand has ever been produced, although dozens of wells have been drilled in and through this sand.

"Evidence showing that oil was once present has been secured, but to this date the only oil being produced, or ever was produced, from the first Wall Creek sand was and is in the Salt Creek field, lying directly north and contiguous to naval reserve No. 3.

"When the receivers took charge of the property there was being produced daily crude oil in approximately the amount of 3,700 barrels from all sands then developed. Under the program followed by the receivers this daily production was decreased to about 600 barrels per day at the closing of the receivership.

"According to naval experts this amount of production is barely enough, even though it was suitable for the purpose, to fuel a battleship during one afternoon when such battleship was engaged in active maneuvers.

"Since the receivers have taken charge they have already plugged five wells in the second Wall Creek sand, which have exhausted them-

selves and ceased to produce oil in sufficient amount to pay their operating expenses. Of the four wells drilled into the second Wall Creek sand on what was presumed to be proved territory, three of these wells have been abandoned because they have not produced enough oil to pay their operating expenses.

"Protests were made by me as to the damage to the reserve, but to no avail. Drainage will continue, it is no respecter of academic desire or hopeful ambition."

Watts's report incorporates correspondence between representatives of the Government and the owners of wells in the Salt Creek field adjacent to the Teapot reserve, relative to payment by the owners of these wells of a royalty to the Government for the increased production from these wells, which the Government represented would result from the shutting down of the Teapot wells. The Government requested such royalty and the owners of the Salt Creek wells politely declined to pay it.

EXHIBIT B

THE OIL SITUATION—POLICY OF WILSON ADMINISTRATION AS TO LEASING OIL LANDS

The attempt to justify the secret leasing of all the naval reserves, the entire Teapot Dome and Elk Hills to Sinclair and Doheny, by the specious and confusing statement that 150 leases were made by Secretary Payne outside the naval reserves and that certain lands or wells were leased in a naval reserve during the Wilson administration is like comparing the making of a back fire to prevent the spread of a prairie fire with the deliberate starting of an incendiary fire such as caused the destruction of Smyrna. What the Wilson administration did was to follow the national policy established by Presidents Taft and Wilson and by the Congress when it passed the leasing law to protect and conserve the naval reserves—to keep the oil for the use of the Navy for some great emergency; while Secretaries Fall and Denby deliberately defies this national policy and secretly leased the reserves, thus destroying the reserves.

A simple statement of fact will make this plain.

Before the passage by Congress February 25, 1920, of the leasing act authorizing the leasing of Government-owned oil lands on a royalty basis, the only law by which the public could take out oil was the old placer mining law, which allowed a person to make a mining location on 20 acres, or eight persons to club together and located 160 acres—the same law which applied to gold or silver. If the claimant followed up his claim with diligence and brought in a producing well, he became the owner and entitled to a patent, and the Government received nothing.

The leasing act changed this policy, authorized the Secretary of the Interior to issue rules and regulations, to fix the royalty to be paid at not less than 12½ per cent of the oil taken out, and pursuant to such regulations to lease the public lands. Thus the Government received substantial royalty and retained ownership of the lands.

Before the passage of the leasing law two things had happened—

First. Many locations had been filed under the placer mining law by people who thus claimed title to the lands; to the extent that these claims were valid, the claimants had to be recognized; this was true even inside the naval reserves where locations were made in good faith before the reserves were created.

Second. The Government established the national policy of setting aside oil lands for the use of the Navy for a future emergency, it being well known that our supply of commercial oil would in a few years be exhausted, thus—

Naval reserve No. 1, in California: The Elk Hills, containing some 32,000 acres, was created by President Taft September 2, 1912.

Naval reserve No. 2, also in California, was created by President Taft December 13, 1912, containing roughly 30,000 acres, but more than 20,000 acres of this was at the time privately owned, and much of the remainder covered by mining locations.

Naval reserve No. 3, Teapot Dome in Wyoming, was created by President Wilson April 30, 1915; this contained 9,481 acres; was all Government land.

Some claims under the old placer law had been filed on lands in these naval reserves before the reserves were created.

WHEN PAYNE BECAME SECRETARY

This was the situation when John Barton Payne was appointed Secretary of the Interior February 28, 1920 (qualified March 15, 1920). The leasing law (in force February 25, 1920) made it the duty of the Secretary of the Interior to administer the law, i. e., to issue rules and regulations for prospecting the leasing, and to fix the royalty to be paid on lands outside the naval reserves, and to decide not only as to the validity of claims pending under the old law but where two or more persons had conflicting claims, to decide between them. It was the policy of the Congress that lands outside the naval reserves should be leased—but that the naval reserves should not be leased, unless a claimant under the old law came strictly under the terms of the leasing law.

REPUBLICAN SMOKE SCREEN

The Republicans try to defend Secretaries Fall and Denby and attempt to make a smoke screen of the fact that Secretary Payne leased certain oil lands. They do not state what every one should know, now fully brought out by the Senate committee, that Secretary Payne made no secret leases, that his door was wide open, everything was public, and the leasing law strictly followed and the policy of the Government upheld and maintained; that with the approval and support of President Wilson and Secretary of the Navy Daniels the naval reserves were fully protected, and but for Secretaries Fall and Denby would now be safe and intact.

A brief reference to the leasing law and the undisputed facts make this clear.

1. The law as to lands not known to contain oil outside naval reserves

Following the policy of Congress to develop and lease oil lands, the leasing act provided (sec. 13) that persons who desired to prospect for oil on lands not known to contain oil might obtain permits as follows:

"That the Secretary of the Interior is hereby authorized, under such necessary and proper rules and regulations as he may prescribe, to grant to any applicant qualified under this act a prospecting permit, which shall give the exclusive right, for a period not exceeding two years, to prospect for oil or gas upon not to exceed 2,560 acres of land wherein such deposits belong to the United States and are not within any known geological structure of a producing oil or gas field upon condition that the permittee shall begin drilling operations within six months."

If the prospector found oil or gas, section 14 provided in terms that he should be entitled to a lease as follows:

"That upon establishing to the satisfaction of the Secretary of the Interior that valuable deposits of oil or gas have been discovered within the limits of the land embraced in any permit, the permittee shall be entitled to a lease for one-fourth of the land embraced in the prospecting permit * * * for a term of 20 years upon a royalty of 5 per cent * * * and shall be entitled to a preference right to a lease for the remainder of the land in his prospecting permit at a royalty of not less than 12½ per cent * * * the amount of the royalty to be determined by competitive bidding or fixed by regulations prescribed by the Secretary."

And in section 16 it is provided:

That no wells shall be drilled within 200 feet of any of the outer boundaries of the lands within the permit unless adjoining lands belonging to private persons.

2. As to public lands known to contain oil

Section 17 of the leasing act provides:

"That all unappropriated deposits of oil or gas situated within the known geological structure of a producing oil or gas field and the unentered lands (lands not entered under the old law) containing the same, not subject to preferential lease, may be leased by the Secretary of the Interior to the highest responsible bidder by competitive bidding under general regulations to qualified applicants in areas not exceeding 640 acres * * * such leases to be conditioned upon the payment by the lessee of such bonus as may be accepted and of such royalty as may be fixed in the lease, which shall not be less than 12½ per cent in amount or value of the production, and the payment of $1 per acre per annum."

As to lands where locations had been made under the old placer law and the claimant was willing to compromise by accepting a lease under the leasing act, section 18 provided:

"That upon relinquishment to the United States * * * of all right, title, and interest claimed and possessed prior to July 3, 1910, and continuously since * * * under the preexisting placer mining law to any oil or gas bearing land upon which there has been drilled one or more oil or gas wells to discover embraced in the Executive order of withdrawal issued (by President Taft) September 27, 1909, and not within any naval petroleum reserve, and upon payment as royalty * * * if in possession of such land, undisputed by any other claimant prior to July 1, 1919, shall be entitled to a lease thereon from the United States for a period of 20 years at a royalty of not less than 12½ per cent.

[NOTE.—From the foregoing sections it is clear that as to lands not known to contain oil Congress desired to encourage prospecting and gave the successful prospector the absolute right to a lease; and, as to lands known to contain oil but outside the naval reserves, provided in terms for their leasing by the Secretary of the Interior by competitive bidding; and required that the rights of persons who in good faith had made locations under the old law should be protected, and gave them the right to come in and surrender their claims acquired under the old law and accept leases under the leasing act. For the Secretary of the Interior to have refused to carry out these provisions would have been an arbitrary violation of the law and would have made him subject to action by mandamus.]

3. As to lands within the naval reserves

Section 18 provides also—

"That as to all like claims (under old placer law) situate within a naval petroleum reserve the producing wells thereon only shall be

leased, together with an area of land sufficient for the operation thereof, upon the terms and payment of royalties for past and future production as herein provided for in the leasing of claims. No wells shall be drilled in the land subject to this provision within 660 feet of any such leased well without the consent of the lessee."

Then this provision as to the President:

"The authority of the President—must use his discretion."

The act continues:

"*Provided, however,* That the President may, in his discretion, lease the remainder of any part of any such claim upon which such wells have been drilled, and in the event of such leasing said claimant or his successor shall have a preference right to such lease: *And provided further,* That he may permit the drilling of additional wells by the claimant or his successor within the limited area of 660 feet theretofore provided for upon such terms and conditions as he may prescribe."

No claimant guilty of fraud shall have a lease.

[NOTE.—From the above it is clear that where a claimant under the old placer law had located on lands within the naval reserve before the reserve was created and had brought in a producing well, he was entitled as of right to a lease on his producing well. The Secretary of the Interior had no authority to refuse such a lease and had no authority to grant a lease for anything beyond the producing well with land adjacent only sufficient for its operation. The President, however, in his discretion, had the right to lease to the claimant the remainder of his claim or to permit the drilling of additional wells by the claimant within the 660 feet; this authority was vested in the President and denied to the Secretary.]

Under section 18a the President was also authorized to direct the compromise and settlement of any controversy as to lands withdrawn under the order of September 27, 1909, upon such terms and conditions as may be agreed upon, to be carried out by an exchange or division of land or division of the proceeds.

Section 19 of the leasing act provides for the protection of persons who had made a bona fide claim and expended money, but not brought in a well. This, however, did not apply to lands within the naval reserves.

This sufficiently shows the provisions of the law and policy of the Government as embodied in the leasing act.

WHAT WAS DONE UNDER THE WILSON ADMINISTRATION

The leasing act became effective on February 25, 1920. Prior to this time there had been filed and were pending an enormous volume of claims for locations under the old placer law on lands both within and without the naval reserves, and many suits were pending. Rules and regulations, with a fixed scale of royalties providing for the carrying out of the law, were promptly issued under section 13, and leases were issued under sections 14, 17, and 18. The legal rights of claimants were recognized, and such was the care under which the law was executed that not a single public criticism resulted, notwithstanding the tremendous volume of work imposed upon the Secretary.

NOW AS TO THE NAVAL RESERVES

As to naval reserve No. 1: Not a single claim was allowed, nor a single lease made. It was left intact.

The contrast between the two administrations, aside from the general policy, is shown by the record as to section 36 in this reserve. The title to this 640 acres passed to the State of California with the distinct provision that it contained no minerals. When it was found to contain mineral—oil is mineral—and became part of the naval reserve, the question was whether the title still belonged to the United States. Meantime the Standard Oil Co. had acquired the right of the State of California to the major portion of the section, and the Doheny interests the remainder, and were in possession. In February, 1921, Secretary Payne gave all parties in interest a public hearing, and decided that the title had not passed to the State of California, but remained in the United States; that the Standard Oil Co. and the Doheny interests acquired no title and were wrongly in possession; and Secretary Payne directed the Land Office to make entry accordingly, and made formal written request to the Department of Justice that proceedings be instituted in the courts, and to recover for the United States the land and oil taken out.

After Secretary Fall came in, he reversed this action, withdrew the request made by Secretary Payne to the Department of Justice to proceed against the oil companies, and permitted them to remain in possession.

Due to the Senate investigation, counsel has recently been appointed to sue the oil companies to recover this land, and to do, now, what Secretary Payne directed be done in February, 1921.

This naval reserve No. 1 was therefore left intact.

As to naval reserve No. 2: In this reserve it was found that claimants had brought in about 50 producing wells. These, under the mandatory provision of the leasing act, were leased to the claimants. With the concurrence of the Secretary of the Navy and the President, five offset wells were leased; that is, where it was manifest that private wells had been drilled so near the line of the reserve as to drain the Government oil from the reserve, a well was drilled just within the reserve on a 25 per cent royalty basis, so that the Government would receive the royalty and not permit the private interest to take the oil out without payment of royalty. Another claimant for 540 acres in section 28 was compromised with and given lease on 120 acres.

With these exceptions, naval reserve No. 2 was left intact.

In this reserve the Honolulu Oil Co. claimed title to 17 quarter sections (some 2,000 acres), and applied for a patent. Secretary Payne, after a public hearing, decided the claim invalid and the company not entitled to a patent and denied the same. The only criticism directed against the Wilson administration in the oil matter grew out of this Honolulu decision, and that, of course, came from the oil company and its friends.

As to naval reserve No. 3—the Teapot Dome, Wyo.: All of the claims on this reserve were rejected and no leases made: Among other claimants filed against this reserve was John C. Shaffer, who testified before the Senate committee; he said his claim was later recognized by Secretary Fall, and he was paid some $92,000 by Sinclair.

The Wilson administration left reserve No. 3 intact.

ACTION OF REPUBLICAN ADMINISTRATION—STRIKING CONTRAST

Within less than three months after the close of the Wilson administration, upon the recommendation of Secretaries Fall and Denby, President Harding issued an Executive order purporting to transfer all of the powers and discretion the law imposed upon the President under the leasing act, and the powers and discretion conferred upon the Secretary of the Navy by the act passed June 4, 1920, to Secretary Fall. How Secretary Fall used this power in disposing of the naval reserves is well known. Whether this Executive order has any validity will be decided by the courts.

As to naval reserve No. 1: Secretary Fall reversed the decision of Secretary Payne as to section 36, and secretly gave that to the Standard Oil Co. and to Doheny, and secretly leased all of the remainder of reserve No. 1 to Mr. Doheny's companies.

In naval reserve No. 2: Where Secretary Payne had leased only the producing wells, Secretary Fall leased claimants their entire claims, and then leased the remainder of the reserve; and as to the 17 quarter sections claimed by the Honolulu Oil Co., which Secretary Payne had held invalid, Secretary Fall reversed to the extent of making the company a lease for the entire 2,000 acres.

As to naval reserve No. 3, which the Wilson administration had left intact, Secretary Fall secretly leased the entire reserve to the Sinclair interests.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MCNARY in the chair). The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Barkley	Edge	McMaster	Steiwer
Bayard	Fess	McNary	Stephens
Bingham	Fletcher	Mayfield	Swanson
Black	Frazier	Moses	Thomas
Blaine	George	Neely	Tydings
Blease	Gerry	Norbeck	Tyson
Borah	Glass	Nye	Vandenberg
Bratton	Gooding	Oddie	Wagner
Brookhart	Harris	Overman	Walsh, Mass.
Broussard	Harrison	Pine	Walsh, Mont.
Bruce	Hayden	Pittman	Warren
Capper	Heflin	Reed, Pa.	Waterman
Caraway	Jones	Robinson, Ark.	Watson
Copeland	Kendrick	Robinson, Ind.	Wheeler
Couzens	Keyes	Sheppard	
Curtis	McKellar	Simmons	
Cutting	McLean	Smith	

Mr. BINGHAM. I desire to announce that the Senator from Maine [Mr. HALE], the Senator from Colorado [Mr. PHIPPS], and the Senator from Rhode Island [Mr. METCALF] are detained on business of the Senate in the Committee on Appropriations.

The PRESIDING OFFICER. The Chair desires to announce that the Senator from California [Mr. JOHNSON] is necessarily absent on account of illness. This announcement may stand for the day.

Sixty-five Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Indiana. Mr. President, I shall not attempt at this time to make any extended statement with reference to what has just been said by the distinguished Senator from Montana [Mr. WALSH]. At another time, perhaps, I may go into detail with reference to certain phases of the whole matter now under discussion. I shall reserve anything I might say now until that later date.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3555) to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce.

The PRESIDENT pro tempore. The bill is as in Committee of the Whole and open to amendment.

Mr. HEFLIN. Mr. President, was not the clerk proceeding to read the bill for committee amendments?

The PRESIDENT pro tempore. There are no committee amendments. The bill is as in Committee of the Whole and open to amendment.

Mr. WALSH of Montana. Mr. President, I had intended to address the Senate briefly upon this bill; but I supposed, from a talk I had with the chairman of the committee, that it would not come to a vote until to-morrow.

Mr. HEFLIN. I note that the chairman of the committee has just come into the Chamber, and I ask what his pleasure is regarding the farm relief bill?

Mr. McNARY. My pleasure would be served if we could have a vote on it to-day; but I am conscious of the fact that there are a number of Senators who want to be heard. I am hoping that we can vote not later than Saturday. The remaining two hours the Senate will be in session this afternoon I hope we can devote to a discussion of the bill. There are three or four Members of the Senate who are prepared to go forward with a discussion of the measure.

Mr. ROBINSON of Arkansas. Where are they? The Chair announced that the bill is before the Senate as in Committee of the Whole and open to amendment, and the Senate was about to take a vote when the Senator from Alabama took the floor, evidently to give Senators who desired an opportunity to speak. If there is no one who desires to speak, we shall either have to lay the bill aside and take up something else or go ahead with a vote. I am ready to vote.

Mr. CARAWAY. Mr. President, it strikes me that everything has been said about this bill that Senators care to say. Most of the speakers said more about it than they were entirely sure was correct. I do not know why we should not vote on it now.

Mr. McNARY. Mr. President, I am advised that the Senator from North Dakota [Mr. FRAZIER] and the Senator from Wisconsin [Mr. BLAINE] are prepared to proceed this afternoon.

Mr. BLAINE obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator from New York if he has not offered an amendment to the bill, or is he not prepared to offer one?

Mr. COPELAND. I have offered one, and I want to ask action on it at the proper time. My amendment provides for an exemption of either fresh or preserved fruits or vegetables from the operation of the bill. I have reason to hope that the Senator from Oregon will look kindly upon this amendment when the proper time comes to consider it.

The PRESIDENT pro tempore. The Chair understands the situation with reference to the amendment of the Senator from New York to be that the amendment was introduced and printed and is now lying on the table, so that it may be presented by the Senator from New York at any time. He may present it now; and if he presents it now, it will become the pending question.

Mr. WALSH of Massachusetts. I suggest to the Senator that he present it now.

Mr. COPELAND. Will it be agreeable to the Senator from Wisconsin if I present the amendment now, so that it may be before us? That will not interfere at all with the remarks the Senator is about to make.

Mr. BLAINE. Mr. President, I am perfectly willing to yield to have the amendment presented.

Mr. COPELAND. I ask that the clerk report the amendment.

The PRESIDENT pro tempore. The Senator from New York offers an amendment, which will be read for the information of the Senate.

The CHIEF CLERK. On page 10, line 19, the Senator from New York moves to insert the following after the word "section":

Provided, It is not a fruit or vegetable, in its natural state or processed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York.

Mr. WALSH of Massachusetts. The Senator from New York does not intend to press the amendment at this time?

Mr. COPELAND. No; but I would be glad if the Senator from Oregon would state his attitude upon the amendment at this time.

Mr. McNARY. Mr. President, when I discussed the bill in the Senate a few days ago I said that in my opinion, and under my construction of the bill, all fruits and vegetables do not come within the fourfolds of the bill. I think perhaps we can work out an amendment covering my view of the matter and perhaps that entertained by the Senator from New York. I want to have an opportunity to read this amendment, to see if it is in the proper place, and an opportunity to confer with others interested in the measure. For that reason only I simply object to the present consideration of the amendment.

Mr. COPELAND. Mr. President, I have no objection at all to the matter going over for the time being, because I know what the attitude of the Senator is, and his desire to exempt the fruit and vegetable producers if it is possible to do so without hazarding the bill. So, before we take final action upon the bill, I shall press this amendment or a similar one.

The PRESIDENT pro tempore. The parliamentary situation is that the amendment has been proposed by the Senator from New York, and the pending question is upon agreeing to it. That does not necessarily mean, however, that the vote will be taken upon it to-day.

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. I simply want to inquire of the Senator from New York if he has given the bill sufficient scrutiny to be able to say for a certainty that in its present form it does apply to perishable fruits?

Mr. COPELAND. Frankly, I think it does. I know that the Senator from Oregon does not intend that it should, but I am very much disturbed about it, and the fruit and vegetable producers of my State are.

Mr. GLASS. I may say, in this connection, that I have become very much disturbed about it, as the fruit growers of Virginia have been; but the expert of the committee, Doctor Kilgore, prepared for me a memorandum for transmission to the fruit growers of Virginia, which very explicitly contends that the bill in its present form does not apply the equalization fee to perishable fruits. But if there is any doubt about it, I agree with the Senator from New York that it ought to be made very explicit.

Mr. COPELAND. The Senator will agree that unquestionably the purpose of the bill is to apply only to nonperishable agricultural products, but it might be argued that if fruits and vegetables are processed or canned, they might become nonperishable. I should have to argue against that proposition. I do think that in order that our constituents may be entirely at rest in their minds we should make provision to exempt them.

I want to say to the Senator from Oregon that he knows I have been very favorable to this legislation, and have voted for the McNary-Haugen bill every time it has been up in the Senate. But it must be made clear that the fruit and vegetable producers are protected. With these products we have an entirely different condition to meet. We can not take possession of apples and tomatoes and other perishable foods and deal with them as we would do with corn or wheat or other products of a nonperishable nature. But, of course, I am confident provision will be made for the garden and orchard products so that nothing will interfere with this important measure looking to the relief of the distressed and badly treated farmer.

Mr. NEELY. I offer an amendment to the pending bill which I intend at the proper time to propose. I ask that it be printed and lie on the table.

The VICE PRESIDENT. It is so ordered.

Mr. BLAINE. Mr. President, I desire to address myself briefly at the outset to the remarks made by the distinguished senior Senator from Indiana [Mr. WATSON], as I find them in the CONGRESSIONAL RECORD of April 2.

I did not interrupt the Senator during the course of his remarks, because I think it is rather unfair to interrupt a political speech of a very prominent candidate for the Presidency. Therefore I concluded that his remarks might well be continuous, and that some attention might be directed to them at some other time.

I find in the course of the remarks of the senior Senator from Indiana [Mr. WATSON] that in discussing the equalization fee contained in the pending measure he undertook to justify that equalization fee upon what I considered to be illogical premises—unjustifiable in fact. I quote from the Senator's remarks as they appear on page 5737 of the RECORD:

For my part, at this time I want to discuss the practical, rather than the legal, principle of the equalization fee. The principle is as old as government itself.

Then he proceeded to point out what he claims to be analogous legislation. I am sure the Senator has misconstrued the legislation he was discussing. I am sure that he is not unfamiliar with legislation in the enactment of which he had a

part. I do not believe that he intended to mislead the Senate or the people of the country. But I am sure that if we accept his contention with respect to the equalization fee, then we are to be led into ways of error and the people are to understand that something is to be paid to the farmer instead of the farmer himself paying the equalization fee. In the course of his remarks the Senator from Indiana said:

It is that all beneficiaries of an undertaking shall contribute ratably toward paying the cost. It is new in name only. I can see no difference in its practical effect between the principle involved in the equalization fee and those prevailing in the usual and accepted custom of corporations in their ordinary activities, or the principle employed in local improvements under paving districts, drainage districts, or irrigation districts, or the principles accepted in the Federal reserve act and the transportation act.

He is asking us to believe that the equalization fee is analogous to the benefits which flow from local improvements, such as paving, drainage, and irrigation, but those things which accrue as benefits in the instances he has cited are additions to the principal of the undertaking. They are added capital. They have nothing to do with the question of profits and income. Improvements for street and drainage districts and irrigation districts enhance the value of the project or capital investment and have nothing to do, as I say, with the question of profits; and yet the Senator from Indiana would lead us to believe that this enhancement of the capital value of some particular property is analogous to the equalization fee which is expected to be levied under the pending bill.

Then he referred to the "principle" accepted in the Federal reserve act and at some length proceeded to discuss that. He said:

Under the provisions of the Federal reserve act every national bank is required to be a member of the Federal reserve bank in whose district it is located, and is required to subscribe to the capital stock of its Federal reserve bank in a sum equal to 6 per cent of its paid-in capital stock and surplus. Only one-half of the amount of the subscription, however, is required by law actually to be paid in, the remainder being subject to call when deemed necessary by the Federal Reserve Board.

Here is a subscription to stock which, if a profitable investment, will bear a rate of return. It has no analogy whatever to the principle of the equalization fee. The equalization-fee plan proposes that the farmers shall pay so much in the regulation of interstate commerce for the enhanced price or the inducement to enhance the price of their commodities. It is not an investment from which dividends and profits are to flow, such as are the investments made in the Federal reserve system.

The Senator from Indiana went on to say:

In addition, every member bank of the Federal reserve system is required to maintain reserve balances with its Federal reserve bank.

Those balances are profit producing under certain circumstances. They are not a payment of income and much less a depreciation of the capital of the bank. It is simply another investment and bears no relationship whatever to the character of an equalization fee. The Senator further said:

These are compulsory exactions imposed upon national banks by act of Congress.

Yes; compulsory exactions by which they can make profits by adding to their capital stock, not by paying an equalization fee for the privilege of engaging in interstate commerce.

Again the Senator said:

Under the transportation act the Interstate Commerce Commission is directed to prescribe just and reasonable rates in order that carriers may earn a fair return upon the capital invested, and provision is made for disposition of amounts received in excess of what is fixed as a fair return. This likewise is a compulsory exaction.

It is compulsory exaction, but it is a public gratuity that is given to the railroads, entirely unlike the equalization fee which is demanded of the producer of the agricultural commodity. The transportation act in effect guarantees the railroads a return of 6 per cent and the so-called recapture clause, which the Senator from Indiana was discussing, provides:

SEC. 6. If, under the provisions of this section, any carrier receives for any year a net railway-operating income in excess of 6 per cent of the value of the railroad's property held for and used by it in the service of transportation, one-half of such excess shall be placed in a reserve fund established and maintained by such carrier, and the remaining one-half thereof shall, within the first four months following the close of the period for which such computation is made, be recoverable by and paid to the commission for the purpose of adopting and maintaining a general railroad contingent fund as hereinafter described.

There is no analogy and no comparison with respect to the recapture clause of the transportation act and the provisions of the pending measure with respect to the equalization fee. The transportation act says to the railroad company, "After you have received 6 per cent earnings, then one-half of the excess over 6 per cent you shall place in a fund to be used by you for a specific purpose," but the transportation act does not say the Government is going to take that one-half of the excess for any purpose whatsoever. One-half of the balance of the excess is to be placed in a contingent fund out of which the Government may make certain loans, may perform other duties in the purchase of equipment—I shall not go into the details of that—but the result is that under the transportation recapture clause the railroad company does not part with a single dollar permanently. One-half of the excess is for the use of the company itself. The other half goes into a fund which, in my opinion, becomes a trust fund in the interest of the railroad company receiving that excess.

I am directing my remarks to the proposition that there is no analogy between the illustration which the Senator from Indiana has used and that of the equalization fee. I think that ought to be made plain in the course of the debate.

The Senator from Indiana said:

Under the transportation act the Interstate Commerce Commission is directed to prescribe just and reasonable rates in order that carriers may earn a fair return upon the capital invested, and provision is made for the disposition of amounts received in excess of what is fixed as a fair return.

He then declared that to be a compulsory exaction similar to the equalization fee. If we would write a farm relief bill giving to the agricultural interests of the country a return of 6 per cent, any excess over that to be reserved for two certain funds as set forth in the transportation act, we would then be doing something for agriculture. The Senator from Indiana has attempted to ground the equalization fee upon fallacious hypotheses and erroneous premises.

Proceeding further—I am quoting now from the remarks of the senior Senator from Indiana—he said:

I am merely seeking to establish these as practically analogous to that provision of the McNary-Haugen bill which requires a ratable contribution to be made by the beneficiaries for the regulation and control of interstate and foreign commerce which this measure seeks to establish.

I should like to ask the Senator from Indiana what rate of contribution do the member banks of the Federal reserve system or do the railroad companies make for the privilege of engaging in banking or in interstate commerce?

Mr. WATSON. I can answer the Senator's question, Mr. President.

Mr. BLAINE. They are guaranteed by law a dividend instead of being compelled to pay an equalization fee. So, Mr. President, if we are to justify the equalization fee upon the principle announced by the Senator from Indiana, I suggest that, so far as he is concerned, he may be fooling himself; but I warn him now that he can not fool the intelligent agricultural citizenship of America through that kind of an argument.

Mr. President, I want to take up in an orderly way some of the factors that make it necessary for Congress to give some heed, to pay some attention, to the question of agricultural depression. That depression arose out of World War conditions. Practically all of the factors are due to war causes. In fact, I assert that all of the important factors that have brought agriculture to its knees arose out of the late war. So I regard agriculture as a war casualty. I think the type of legislation which we should consider is the type that will take care of this casualty due to war.

Agriculture lost its health, it lost its arms, it lost its legs upon which it stood as the result of war, as a victim of war. Therefore it seems to me to be the duty of the Government to make restitution. The Government called upon our young manhood, four and one-half millions of them, in the late war; they were called upon to go, if necessary, across the seas to fight, to make a sacrifice and, if necessary, to die. They performed their obligation according to the call of their Government and they suffered casualties. Agriculture was called upon to produce food and raiment with which to feed and clothe four and a half million men in our Army. Agriculture responded to the call of our Government. Through that response agriculture suffered an injury. Now agriculture is entitled to compensation—adjusted compensation—for the sacrifices it made in behalf of the Government and in response to the call of the President and Congress.

I want briefly to review some of the sacrifices that were made by agriculture in responding to that call. As a result of war there was a tremendous increase of agricultural production. In the years immediately preceding and during the war 40,000,000 acres of pasture land were plowed up and put in crops; 5,000,000 acres of forest were cleared for crops. The call to agriculture was to produce more, and to produce more meant the cultivation of a larger acreage, until we had an increase in the acreage—a sharp and sudden increase—of 45,000,000 acres producing during the war and for war purposes. Improved machinery was demanded, and the farmer was called upon to buy more and more machinery in order to produce more food to feed our Army and the Allies. That stimulated production and called for increased fertilization. So the demand that more food products should be raised in order to supply the needs of the Army and the Allies placed upon agriculture a tremendous demand, to which agriculture responded in full measure.

Another factor contributing to farm depression was the general deflation of the general price level after the war. During the war, especially after America entered the war, in 1917, the price level between agricultural commodities on the farm and wholesale prices of all commodities was almost a dead level. In 1918 the index of prices of agricultural commodities on the farm was 200; the index of wholesale prices of all commodities was 194—very close to a level. In 1919 the index of prices of agricultural commodities on the farm was 209; wholesale prices 206—almost a dead level.

Then, in 1920, the index price of agricultural commodities on the farms dropped to 205, while the index of wholesale prices of commodities increased to 226. In 1921 the index price of agricultural commodities dropped to 116, while the index of wholesale prices of commodities was 147. There was a constant unbalancing in favor of wholesale commodities used upon the farm and by the family upon the farm a constant increase in the price of those commodities, while the price of farm products constantly dropped. That situation arose out of the war. It is true it was a postwar act, due, however, to causes arising because of a war.

Again, arising out of the same situation came increased transportation costs. I have here the joint report of the National Industrial Conference Board and the Chamber of Commerce of the United States of America. I submit that those two bodies do not represent a soviet of the radicals, or the reds. The conference was made up of business men and bankers. They reported upon the condition of agriculture in the United States, and I shall quote from that report. On page 83 of the report will be found this statement:

> Another harmful consequence of deflation to agriculture was the relative increase in the freight burden of the farmer which it caused.

On page 84 I find this table:

> Index numbers showing changes in railroad freight rates on 50 representative agricultural products, compiled by division of statistical and historical research, United States Department of Agriculture Yearbook, 1926.

In 1914 that index was 99.4. In 1921 it was 117, an increase of nearly 78 per cent in freight charges. In 1918 the index was 117.1; in 1925 it was 157.5, an increase of nearly 60; in percentages, a tremendous increase.

I desire to call attention, in this connection, to four illustrations which demonstrate what the increase in freight rates meant to agriculture. These increases were under the so-called Esch-Cummins law. For my authority I am quoting Professor Boyle, professor of rural economy, New York State College of Agriculture. He says:

> A farmer shipping hay in 1919 paid 10.4 pounds out of each 100 pounds of hay for freight; in 1921—

Note this—

> He paid 20.2 pounds.

Double freight rates under the Esch-Cummins law.

Again:

> A farmer shipping wheat in 1917 paid 3.3 pounds out of each 100 pounds of wheat for freight; in 1922, he paid 9.3 pounds.

Two and one half times as much, almost three times as much, in freight upon his wheat, making a tremendous loss in the amount he received for his wheat.

Another illustration by Doctor Boyle:

> A farmer shipping corn in 1918 paid 7.2 pounds out of each 100 pounds of corn for freight—

Mr. President, I want to call the especial attention of the Corn Belt of the United States to this matter:

> In 1922 he paid 38.6 pounds.

Almost 40 per cent of the amount received for corn in 1922 went toward the payment of freight rates, an increased freight rate of from 7.2 pounds to 38.6 pounds out of every hundred pounds; an increase of 31.4 pounds of corn out of every hundred pounds of corn in freight charges to ship his corn.

This arose out of war. The railroads of this country came to Congress, came to this Government, for relief, and they got it, and that relief was to give them justification for an increase in freight rates; so agriculture became a casualty of war in another respect.

> A farmer shipping potatoes in 1917 paid 4.9 pounds out of each 100 pounds of potatoes for freight; in 1921 he paid 18.3 pounds.

Almost double the amount in the shipment of potatoes; and so, out of the causes of war, these oppressions came upon agriculture.

Turn to another proposition:

There has been pending before Congress and the administration the proposal for a deep waterway from the Lakes to the ocean—a deep waterway capable of carrying ocean-going vessels without change of cargo. Up to this time there have been no practical accomplishments along that line. Had the Government given attention to agriculture, to these fundamental solutions for the difficulties of agriculture, it would not be necessary for agriculture to be begging for relief at this session of Congress. We might have had relief by solving some of the fundamental difficulties that underlie this whole problem of farm deflation. For one, it is my opinion that we never will solve the agricultural problem until we solve some of these fundamental and underlying causes that drove agriculture to its knees.

Mr. FRAZIER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. THOMAS in the chair). Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. BLAINE. I yield.

Mr. FRAZIER. I should like to ask the Senator if he does not think it might be well to start in a small way and do as much as we can. We can not make all these changes at once; but if we can pass this relief bill it seems to me it would be a step in the right direction, and give us a start.

Mr. BLAINE. Mr. President, I know that it may be proposed that to give the farmer a mite will lull him into a sense of security overnight, perhaps, during an election campaign; but you are not going to satisfy the farmer, and you are not going to satisfy justice, and you are not going to rectify the wrongs done to agriculture, by any temporary relief.

I will get to that very shortly, because I am going to advocate in the course of this debate perhaps the only immediate relief that we can obtain; but I am not going to let the farmers of America believe that these temporizing propositions are going to solve their problem. I do not believe that the farmers of this country should be lulled into a sense of security through acts of Congress, because when the time comes the agricultural interests of this Nation must realize that temporizing with this emergency is only postponing the evil day for agriculture in America, that day when tenantry will be the rule, and there will be in this America but two classes, the toilers and the toil takers.

Mr. BROOKHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Iowa?

Mr. BLAINE. I do.

Mr. BROOKHART. The Republican platform of 1924 says:

> The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interest of America on a basis of economic equality with other industry to insure its prosperity and success.

Does the Senator think the Republican Party can redeem that pledge by any halfway measure or any little thing to start with, and that at the end of the administration, rather than at the beginning of it?

Mr. BLAINE. Mr. President, I never took the pledge of the Republican Party very seriously. I do not think there has been an earnest attempt made by the party, as a party, to bring relief to agriculture. I think the majority of the Republican Party, in its official organization, is opposed to farm relief or any relief for agriculture. I am speaking now of the official organization of the Republican Party, as represented by those occupying positions of power in the Republican Party. I even understand that a great majority of the so-called stand-pat or reactionary or Tory Republicans do not believe that there is any such question as a farm question or a farm problem. They brush it aside. It has been brushed aside in Congress. It has been brushed aside in their debates.

Mr. BROOKHART. They did not brush it aside when they wanted the votes of the farmers of the United States, and put this emphatic statement in their platform, pledging themselves to the enactment of legislation for this purpose.

Mr. BLAINE. Oh, no; the plank was all right to get in on, but not to stand on when they got in. That is one reason why I can not be a regular Republican.

Mr. SHIPSTEAD. The Senator could not be a keynoter.

Mr. BLAINE. No; I could not be a keynoter, and give any praise to the Republican Party for bringing about farm relief, and be telling the truth about it. Keynoting is very easily done. Finely spun phrases can be copied from the books of the orators and repeated from the platforms of national conventions, but they are as sounding brass or a tinkling cymbal.

Talk is cheap, and, putting it in a homely way, it is going to take money to make restitution for the farmers. I want to discuss just briefly this question of transportation from the standpoint of waterways.

Mr. SHIPSTEAD. Mr. President, may I ask the Senator a question?

Mr. BLAINE. I yield.

Mr. SHIPSTEAD. It is said that in days of Rome when the people got restless, to satisfy them they gave them a circus and a loaf of bread. Does the Senator think that in these modern days it will not be enough to give the people a convention and a keynote?

Mr. BLAINE. And a bone.

Mr. SHIPSTEAD. Does the Senator think the people are going to be satisfied with that?

Mr. BLAINE. Not quite. But I am not speaking politically. I do think, however, that the Republican Party owes it to the agricultural interests of America to carry out its pledges. It has too long delayed those pledges, and had there been any greater hope or trust in the Democratic Party, there might have been a different complexion politically in the administration at Washington.

A deep waterway has been promised. I am not going to discuss the deep waterway from the standpoint of its great benefit to the 42,000,000 people located in and about the Great Lakes. I want to call attention, however, to the question of transportation rates as they relate to a deep waterway. Steel moves from Pittsburgh to the Pacific coast ports by water at $15 a ton, while from Chicago mills by rail the same steel pays $25 a ton. The Great Lakes-St. Lawrence waterway will add from 7 to 9 cents a bushel to the price of wheat for the wheat growers of America. Flour moves from Seattle to New York by water for $6 per ton. By rail the Minnesota, Dakotas, and Kansas flour producers must pay $8.70 per ton in freight.

Lumber is shipped by water from the Pacific coast to the East at a saving of from $10 to $12 per thousand. First-class freight is shipped from the Pacific coast ports to New York by water, then to Milwaukee, for instance, by rail, for $3.92 per hundred, as compared with $5.10 per hundred from Wisconsin to the Pacific coast by rail. In fact, butter is shipped from far-off New Zealand to the ports of the United States by water almost as cheaply as we can ship butter and other dairy products of our region to the same ports, a distance perhaps one-tenth the distance from New Zealand.

The Mississippi-Warrior service is saving to the agricultural producers an average of $1.75 per ton in freight charges, and yet the Government of the United States pinches every penny that is appropriated to develop and improve the inland waterways.

Millions of dollars are available to build battleships that will become obsolete before the second ship is completed. Congress appropriates millions upon millions of dollars for war, and yet, when it comes to the improvement of our waterways, which will furnish reasonable transportation costs, the Government pinches every coin, unwilling to promote these great undertakings, which, if promoted and encouraged, would enure to the benefit not only of the agricultural producer but as well to all the people of the United States.

Had the inland waterways had the equipment that was denied them, 10,000,000 bushels of wheat would have moved down the Mississippi River to the south in two months in addition to the movements that did occur.

Another factor that arose out of the war was the tariff. I am not going to quote from any free traders or "tariff-for-revenue-onliers"; I want to quote from a conservative report made by conservatives. Their political complexion is not indicated, but it is the report of the National Industrial Conference Board and the Chamber of Commerce of the United States of America.

That report is dated 1927; it is not an ancient one. Speaking of the tariff, the report states:

> There is little doubt that the steady extension of tariff protection to manufacturing industries, and particularly the increase in the tariff level in postwar years, has on the whole affected agriculture unfavorably in comparison with manufacturing industry. * * *
>
> It is, however, any *increase* in duties on manufactured goods, rather than the tariff as such, which is peculiarly harmful to agriculture. If the tariff on those manufactured goods which it seemed desirable to produce in this country had been set at a certain level in the beginning and kept unchanged until it was determined whether or not those industries were able to become self-sustaining, agriculture would not have suffered very greatly. But the increase in rates, step by step, from the Civil War to the World War kept agriculture in a constant process of adjustment. Recovery from one stepping up of the rates could not be attained before another went into effect.

Again let me quote from the same report:

> Like the increase in railroad rates, this raising of the tariff came at a time very inopportune to the farmer.

There was the 1922 tariff act, and there was an emergency tariff act in addition to that.

> Like the increase in railroad rates, this raising of the tariff came at a time very inopportune to the farmer. An increase in the degree of protection, so far as it is real and not a mere raising of rates already completely protective, can not fail to have an adverse effect on some exporting industries, and in the case of the tariff act of 1922 it seems probable that agriculture bore the brunt of this readjustment.

That refers to a readjustment from war conditions. As a result of this situation, we have another factor arising out of the war. There is a decline in domestic consumption. I quote from the same report:

> DECLINE IN DOMESTIC CONSUMPTION
>
> (1) The declining per capita consumption of certain foods, (2) the substitution of mechanical for animal power, (3) changes in clothing habits and the use of artificial textiles.

That relates to our domestic consumption. Another factor arising out of the war was the decline in the foreign consumption of agricultural products. The Government had loaned money to foreign governments during the war, and made advancements of twenty-five or twenty-six billion dollars, or about that sum. In addition to that, private loans and foreign investments by private interests amount to about $14,000,000,000 at the present time.

America, therefore, has become the creditor nation. She has all the gold, due to war and its devastations and its blighting curse. With millions upon millions of young men who died upon the fields of battle and the starvation which attended the aged, Europe became unable to buy. Our profitable foreign commerce is gone. It is true we have a foreign commerce and a foreign consumption of American products, but with and by a deflated depreciated civilization without money. Our tariff walls are so high that it is impossible for foreign producers to exchange their products for agricultural and other raw materials. All these things grow out of war, so I say that the farmers' condition to-day makes that industry a war casualty.

The great advocate of high protection, the senior Senator from Utah [Mr. SMOOT], is not in his seat at this time. If he were, I presume he would rise to suggest that under the 1922 tariff act agricultural implements were placed on the free list, and therefore free trade in the interest of the farmer. Just briefly analyzing such a suggestion, the fact is that the agricultural implements imported into the United States constitute a mere fraction of the total agricultural implements used by the farmers of the United States.

Mr. FRAZIER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from North Dakota?

Mr. BLAINE. I am glad to yield.

Mr. FRAZIER. I think the facts are that our manufacturers of farm machinery manufacture more than they can use here at home and therefore export.

Mr. BLAINE. Yes; I shall give the figures in just a moment. I thank the Senator. He is correct.

In 1923 the importations of agricultural implements were only $2,327,956. Any 10 first-class counties of the United States could absorb all of the imported manufactured farm machinery. But the year preceding—I have not the figures for the same year—the production of farm machinery in the United States by American industry amounted to $334,951,000. Clearly the importation of a little more than $2,000,000 of farm machinery would have no appreciable effect on the cost of farm machinery to the farmer. Moreover, all of the material that goes into the manufacture of agricultural machinery, especially the steel and iron, bear a high tariff rate, so that as a

matter of fact the benefits to the farmer of free agricultural implements are almost nothing.

The results growing out of the war—results entirely due to war—therefore have brought the agricultural interests almost to a state of economic slavery. Tenancy is increasing at a tremendous rate. Interest rates have been higher. Land mortgages are constantly pyramiding. Referring to Professor Boyle again as the authority for my statement, I call to the attention of the Senate the fact that from 1910 to 1920 the mortgage debt on farms operated by owners increased from $2,778,000,000 to $5,444,000,000, or a net increase of $3,166,000,000. The interest on this sum was an average rate of 6.1 per cent. Therefore the interest burden alone upon this indebetedness for one year was $193,000,000. For the years 1920 to 1925 there occurred a still further increase in the size of the farmer's mortgage debt.

Mr. President, through the stimuli of war, promoted by the Government through its constituted officials, the agricultural conditions in America can be traced to that one single cause—war.

For the purpose of the RECORD I desire to have inserted therein, without reading, some tables which I have compiled, one relating to imports into the United States of raw and manufactured animal and vegetable products by groups of commodities for the years 1925–26 and 1926–27; also other tables in relation to the United States exports in specified commodities expressed as a percentage of approximate world net exports and principal agricultural exports of the United States, rather in detail, and the relative percentage with relation to the total exports of various farm commodities.

The VICE PRESIDENT. Without objection, it is so ordered.

The tables referred to are as follows:

Imports into the United States of raw and manufactured animal and vegetable products, by groups of commodities, years 1925–26 and 1926–27

[Values in millions of dollars]

	1925–26	1926–27
Group 00. Animals and animal products, edible	107.0	125.7
Group 0. Animals and animal products, inedible	286.5	322.9
Group 1. Vegetable food products and beverages	823.1	843.0
Group 2. Vegetable products, inedible, except fibers and wood	894.7	672.9
Group 3. Textiles	1,039.5	964.3
Group 4. Wood and paper	356.6	371.5
Total	3,507.4	3,300.3

Included in the above groups are imports of certain commodities, as follows:

	1925–26	1926–27
Cocoa, coffee, and tea	386.8	376.7
Rubber and manufactures	613.5	377.9
Silk, unmanufactured	412.9	421.4
Total	1,413.2	1,176.0

United States net exports in specified commodities expressed as a percentage of approximate world net exports

	1922	1923	1924	1925
	Per ct.	*Per ct.*	*Per ct.*	*Per ct.*
Barley, including flour	22.3	9.4	24.9	19.3
Corn, including meal	41.0	10.2	2.0	8.2
Oats, including oatmeal	25.3	4.3	12.0	32.7
Rye, including flour	83.1	21.3	76.2	34.4
Wheat, including flour	28.7	16.2	32.7	13.7
Rice	3.1	2.8	1.1	(1)
Cotton	58.3	51.3	59.2	61.5
Potatoes	3.9	5.6	7.1	(1)
Tobacco	42.1	48.9	47.0	44.3
Pork and pork products	77.5	75.9	66.3	56.3
Lard		92.8	90.4	83.3
Apples	40.8	51.9	46.6	43.5
Oranges	8.7	11.3	9.0	6.7

[1] Net import.

References used for all statistics submitted: World Production Versus American Production of Agricultural Products, by O. C. Stine, agricultural economist, Department of Agriculture. Foreign Crops and Markets, September 26, 1927, Department of Agriculture. International Trade in 1925, J. J. Kral, Division of Statistical Research, Department of Commerce. Summary of Foreign Commerce of the United States, Department of Commerce.

Principal agricultural exports of the United States

Cotton:
3,482,584,000 pounds exported in 1924, valued at ... $950,581,000
4,384,160,000 pounds exported in 1925, valued at ... 1,059,751,000
3,941,760,000 pounds exported in 1926, valued at ... 917,719,000

Average production in the United States for the years 1909–10 to 1913–14 was 6,229,774,000 pounds per year, while the total average production for all other countries was 6,951,076,000 pounds per year.

Wheat:
166,302,000 bushels exported in 1924, valued at ... $237,114,000
86,526,000 bushels exported in 1925, valued at ... 148,717,000
63,189,000 bushels exported in 1926, valued at ... 97,664,000

Average production in the United States for the years 1909–10 to 1913–14 was 690,108,000 bushels per year, while the total average production for all other countries, except Russia and China, was 2,350,892,000 bushels per year.

Wheat flour:
15,990,000 barrels exported in 1924, valued at ... $91,210,000
11,119,000 barrels exported in 1925, valued at ... 85,067,000
9,542,000 barrels exported in 1926, valued at ... 69,633,000

Tobacco, leaf:
546,555,000 pounds exported in 1924, valued at ... 163,035,000
468,456,000 pounds exported in 1925, valued at ... 153,345,000
528,131,000 pounds exported in 1926, valued at ... 166,894,000

Meats:
803,391,000 pounds exported in 1924, valued at ... 113,844,000
611,630,000 pounds exported in 1925, valued at ... 118,261,000
537,683,000 pounds exported in 1926, valued at ... 110,231,000

Lard:
944,095,000 pounds exported in 1924, valued at ... 125,728,000
688,829,000 pounds exported in 1925, valued at ... 118,090,000
695,445,000 pounds exported in 1926, valued at ... 114,471,000

FRUITS

Apples:
6,719,000 boxes exported in 1924, valued at ... 15,740,000
4,922,000 boxes exported in 1925, valued at ... 12,787,000
5,464,000 boxes exported in 1926, valued at ... 13,752,000

Prunes:
220,912,000 pounds exported in 1924, valued at ... 13,218,000
146,485,000 pounds exported in 1925, valued at ... 11,266,000
151,405,000 pounds exported in 1926, valued at ... 11,625,000

Rye:
35,666,000 bushels exported in 1924, valued at ... 39,233,000
28,675,000 bushels exported in 1925, valued at ... 37,241,000
12,505,000 bushels exported in 1926, valued at ... 13,374,000

Average production in the United States for the years 1909–1913 was 36,093,000 bushels, while the estimated production for all the other countries during the same period was 988,907,000 bushels per year. The annual production in the United States for the year 1924 was 65,466,000 bushels, and the estimated production for the other countries for the same year was 742,000,000. In 1925 it was 60,144,000 bushels for the United States and 1,013,000,000 bushels for the other countries. In 1926 it was 53,124,000 bushels for the United States and 813,000,000 bushels for the other countries. ("Other countries" includes all of the countries of the world with the exception of Russia and China.)

Sugar, refined:
440,495,000 pounds exported in 1924, valued at ... $24,028,000
758,716,000 pounds exported in 1925, valued at ... 28,160,000

The total value of the sugar, molasses, and sirup exported in 1926 amounted to $22,798,000.

Barley:
20,712,000 bushels exported in 1924, valued at ... $22,302,000
29,059,000 bushels exported in 1925, valued at ... 26,930,000
27,181,000 bushels exported in 1926, valued at ... 23,687,000

The average production for the years 1909–1913 in the United States was 184,182,000 bushels, while the average for the other countries, excluding Russia and China, for the same years was 1,240,818,000 bushels. In 1924 the annual for the United States was 181,575,000 bushels, and for the other countries it was 1,124,425,000 bushels. The annual production in the United States in 1925 was 216,554,000 bushels and 188,340,000 bushels in 1926.

Milk, condensed, evaporated, etc.:
211,809,000 pounds exported in 1924, valued at ... $22,962,000
151,412,000 pounds exported in 1925, valued at ... 17,939,000
139,136,000 pounds exported in 1926, valued at ... 17,097,000

Oats:
3,953,000 bushels exported in 1924, valued at ... $2,387,000
29,443,000 bushels exported in 1925, valued at ... 15,812,000
30,975,000 bushels exported in 1926, valued at ... 16,193,000

The average yearly production in the United States for the years 1909–1913 was 1,143,407,000 bushels, while the average total production for all the other countries, except Russia and China, was only 2,437,393,000 bushels. The annual production in the United States for the year 1924 was 1,502,529,000 bushels, while the estimated annual production for all the other countries, with the exception of Russia and China, was only 2,172,471,000 bushels. In 1925 it was 1,487,550,000 bushels for the United States and an estimated total of 2,476,450,000 bushels for all the other countries, with the exception of Russia and China.

Hides and skins, raw (except fur):
105,089,000 pounds exported in 1924, valued at ... $12,799,000
73,450,000 pounds exported in 1925, valued at ... 12,031,000
68,823,000 pounds exported in 1926, valued at ... 10,629,000

Corn:
18,366,000 bushels exported in 1924, valued at ... 17,825,000
12,762,000 bushels exported in 1925, valued at ... 14,253,000
23,137,000 bushels exported in 1926, valued at ... 21,371,000

The average production of corn in the United States for the years 1909–1913 was 2,712,364,000 bushels, while the estimated average production of all the other countries combined only amounted to 1,413,636,000 bushels. The annual production in the United States for 1924

was 2,309,414,000, and the estimated total for the rest of the world, with the exception of Russia, was only 1,434,586,000 bushels. In 1926 the annual production for the United States was 2,916,961,000 bushels, while the estimated production for the rest of the world, with the exception of Russia, was 1,585,039,000 bushels.

In the years 1922–1925 the United States has exported annually the following percentage of its total production:

	Per cent
Cotton	53
Rye	48
Tobacco	33
Rice	14
Wheat	21
Barley	10
Oranges	9
Apples	6
Oats	1.5
Corn	1.3
Lard	34
Pork	8

The percentage of the United States production to total world production for the years 1922–1925 was as follows:

	Per cent
Corn	68
Cotton	61
Tobacco	46
Oats	37
Wheat	24
Flaxseed	18
Barley	15
Rye	8
Potatoes	9
Sugar	5
Rice	1

(Statistics from World Production versus American Production of Agriculture Products, by O. C. Stine, Department of Agriculture.)

AGRICULTURE EXPORTS

The significance of an export is not to be measured directly by the percentage of the total volume exported. The significance of the percentage of a product exported is to be found mainly in the indication of the change in production or domestic consumption necessary to eliminate the exportable surplus. The more significant fact is that as long as we export any part of a product that part determines the relation of our domestic markets to the foreign markets for all of the product that our producers have for sale at home and abroad. It places our producers in the position of having to take for all of the product what purchasers in foreign markets will pay for any part of the product, less cost or charges for transporting it from the producers to the foreign purchasers.

* * * * * * *

Of some commodities the quantity which we export is such a large part of the total international trade in the product that it is an important factor in determining the relation of the United States production to the world markets. (From World Production versus American Production of Agriculture Products, by O. C. Stine.)

NOTES ON AGRICULTURAL EXPORTS

Among the dried fruits, apples, prunes, and raisins gained in exports. The statistics given do not include the dried fruits, but rather the fresh fruit. However, prunes are listed under the dried fruits, but are not listed in the statistics consulted under fresh fruits.

Trade between the continental United States and Alaska, Porto Rico, and Hawaii is considered in the customs returns as domestic trade, and the statistics, therefore, are not included with the regular export statistics.

* * * * * * *

About 90 per cent of the products of the farmers of the United States market is directly affected by foreign competition, either in foreign markets to which we export some part of our products or in the domestic markets into which we import some part of what we consume. Some of our great staple commodities, such as wheat and cotton, are sold in all the principal markets of the world in competition with foreign production. Other important commodities, such as wool and hides, enter the United States from all parts of the world and compete in our markets with domestic production. The producers of many of our minor crops, such as onions, prunes, and hemp, are just as much affected by foreign competition as are those of our more important staple crops. In all such cases the prices of our products are determined in part by the volume and quality of the foreign production. (World Production versus American Production of Agricultural Products, O. C. Stine.)

Mr. BLAINE. Mr. President, I have not undertaken to set forth in any great detail and by no means in an all-inclusive way the causes of the present agricultural depression. I have undertaken to call attention to some of the main causes. I think there is justification in coming to the conclusion that the present condition of agriculture is one which constitutes an emergency. I am not convinced that the measure pending before us is going to solve the problem as an emergency. As a permanent solution of the problem I am convinced that it does not meet the situation.

I think it is temporizing with the present condition. I do not say nor do I advocate that the pending measure should not be adopted. I believe there is a general feeling throughout the agricultural regions of our country that the measure will afford some relief. It may; I do not believe that it will do any harm; but, as I view the situation, we are not going to solve this problem until we get at the very root of the causes of the inflation that exists to-day with respect to manufactured articles and at the same time reach the root of the cause of the present deflation in agricultural prices. I think the facts are fairly well known. If we can take the inflation out of railroad stocks; if we can transport our goods at a rate that will yield a return to the railroads based upon the service that the railroads should render and upon the valuation of the railroads, fixed upon the basis of the actual prudent investment of capital in the railroads; if we will undertake a revision of the tariff law, and if we only go so far in revising the tariff law as to provide for reciprocal commodity trading as between foreign production and agricultural products in America, we will then begin to find a remedy for the present situation.

Expressing the whole issue in one word, I think the cause of agriculture's plight to-day is privilege; and until remedies are provided to destroy privilege, whether it is privilege arising through a high protective tariff, arising through banking laws, arising through an inequitable system of taxation, or any other form of privilege, we shall not have solved the problem of those who produce the raw material intended to feed, clothe, and sustain human life.

Mr. President, as I view the situation we may enact legislation at this session of Congress that will be of temporary benefit to the agricultural producers. I am willing to support that character of legislation; but I am willing to support it only on the condition that it will not be the end of the fight for economic justice for agriculture. I am unwilling to support any temporizing legislation designed to mislead the men and women back upon the 6,000,000 or more farms of America. I want it understood that, so far as I am concerned, in supporting these measures I am willing to let them be tried out. However, I do not want the farmers of America to understand, so far as anything that I may say is concerned, that the measures before the Senate are a solution of the farm problem. I hope that they will afford some relief; I believe they will; but with that view I hold to the opinion I have expressed, that the farmer's present condition and the condition in which he has found himself since the close of the World War is an emergency and that the condition of agriculture is a casualty arising from war and out of war, and that the Government of the United States should make restitution so far as it is possible.

The amendment proposed by the Senator from Iowa [Mr. BROOKHART], as I understand that amendment, does propose restitution, at least to some extent. It proposes to appropriate $600,000,000, as I understand, to pay the losses, if there shall be any, of an export corporation or organization designed to buy for foreign trade the surpluses of farm commodities. I do not regard that $600,000,000 as a subsidy; I do not regard it as a dole. I would not accept it as a dole or a subsidy; I would not accept the amendment if it were designed to be final. However, there is a limitation expressed within the amendment itself. That limitation is, as I understand, that it shall remain in effect only so long as there is left any part of the $600,000,000 available for the proposed export organization, and when that period is reached, when the time comes when there is no more money available, then the measure ceases to be effective and some other plan, either an excise plan or an equalization plan, is proposed, but not written into the amendment, to be effective at the end of the period to which I have referred. However, as I understand from the Senator from Iowa, the $600,000,000 may afford the opportunity for making restitution; it may afford the opportunity for meeting the existing emergency, for paying for this war casualty.

I do not mean that the $600,000,000 is going to pay the losses of agriculture incurred since the forced deflation of agricultural products in 1920 and 1921; but it is proposed by the amendment to step in and say to the farmer, "We propose, so far as possible, to engage in the export business in order to dispose of surplus commodities, and we have set up $600,000,000 to cover the loss in the transaction of that business, if there shall be any loss."

I think the sum might well be more. As I said at the outset, Congress in the twinkling of an eye has passed through—at least the Senate has, and so has the House—appropriation measures carrying millions of dollars. Congress came to the relief of the railroads and gave them nearly half or more than half a billion dollars. Congress, through the act creating the Shipping Board, came to the aid of water transportation, to the aid of those engaged in transportation upon the oceans, and sold ships built by the Government at Government expense at hundreds of

millions of dollars less than the ships cost the Government, thus giving gratuities to the shipowners purchasing those ships.

It was only the other day that within a period of two hours the Senate passed a bill appropriating $325,000,000 for flood relief to meet an emergency—a bill carrying not only the amount I have mentioned but, as well, proposing a plan which the Senator from Washington [Mr. JONES], as I understand, admitted might cost three-quarters of a billion dollars, and perhaps a billion of dollars before it could be completely carried out. Am I correct in that?

Mr. JONES. Mr. President, I was reading a proposed bill, and did not catch what the Senator was saying until I heard him mention my name.

Mr. BLAINE. I suggested that the bill relating to flood control carried $325,000,000 for expenditure within the next few years; that the plan proposed, however, might cost three-fourths of a billion dollars, even running into a billion dollars.

Mr. JONES. No; the Senator is wrong with reference to that. The statement I made was this:

The bill authorizes $325,000,000 to carry out the project from Cairo down, which is the project adopted in the bill. I did state that possibly the project might cost $500,000,000, but I doubt if it will cost anything more than that.

I did say this, however: Surveys are provided in the bill for the purpose of ascertaining the possible projects that may hereafter be recommended to Congress; and these, of course, are subject to adoption or rejection by Congress. They are not adopted in this bill. They are not part of the project adopted in this bill. They will be new projects if adopted. If Congress should embark upon the policy of reservoirs and these additional projects, then, of course, the ultimate cost of such projects might be a billion dollars, and might even be more.

I am glad to have an opportunity to make that plain—that the bill that we passed only obligates us to take care of the floods from Cairo down, and that in my judgment, as I expressed it on the floor then, this will cost not more than $500,000,000. Any additional cost will come from the adoption of additional or new projects by the Congress.

Mr. BLAINE. Mr. President, I appreciate the Senator's explanation. It does not change the purport of my prediction. There is already authorized by the Senate at least the expenditure of $325,000,000. If certain plans are carried out, as the Senator explained, that may mount to a billion dollars. Of course, it will require future acts of Congress.

Mr. President, that was an emergency. I supported that measure. The people of the Mississippi Valley, their future, their lives, were threatened by a repetition of the calamity that overcame them. So in the present instance we are meeting or endeavoring to meet this emergency. A calamity has befallen agriculture. That calamity arose out of the demands of the Nation, and through no fault of agriculture, but through the farmer's response to the patriotic urge and the demand of his Government.

It has been proposed, as I understand, by the Secretary of the Navy that we enter upon a $4,000,000,000 Navy program; and a bill has already passed the House providing for an appropriation of $275,000,000 for the construction of cruisers and certain other warcraft—an incomplete measure, because it is proposed to follow that up with other proposals and additional appropriations.

Here is agriculture, with 30,000,000 of people depending upon the soil, baffled by the weather, threatened at planting season and at harvest with the destruction of the result of their toil, subject to the manipulation of speculators in the markets of the world, having no control of the price they receive for their commodity, and no control of the price they must pay for their necessities. It is an emergency. The farmer, I repeat, is a casualty as the result of war. Six hundred million dollars is a stingy amount for this great Government to offer in making restitution. It may be the best we can do. I doubt if those who are opposed to farm relief would yield in their opposition to this proposal to make restitution.

I say, Mr. President, that this proposal of the Senator from Iowa [Mr. BROOKHART] is not a subsidy. It is not a dole. It is only a small recognition by the Government of the United States, if Congress enacts the amendment into law, of the losses borne by agriculture; only a small fraction of the restitution that the Government should make to agriculture.

ATTITUDE OF ANTI-SALOON LEAGUE

Mr. BRUCE. Mr. President, I desire to have inserted in the RECORD an editorial from the Chicago Tribune of March 18, 1928. It dwells upon the utter indifference exhibited by the Anti-Saloon League to the infamous scandals engendered by the Harding administration so long as the public men who were responsible for those scandals were subservient to its influence.

The VICE PRESIDENT. Without objection, the editorial will be printed in the RECORD.

The matter referred to is here printed, as follows:

UNDER THE PATRONAGE OF THE ANTI-SALOON LEAGUE

Warren G. Harding, Senator from Ohio, was nominated as the Republican candidate for President June 13, 1920. His State was the home of the Anti-Saloon League. The candidates he defeated were known to be heads above him in qualifications, but a combination of fellow Senators gathered up 692 votes for him on the tenth ballot and he was nominated over Wood, Lowden, and Johnson.

This was a year after prohibition became effective. The Ohio gang was a hard-drinking, poker-playing outfit amenable to the Anti-Saloon League for political policy and in other respects out on the make. With the inauguration of Harding the gang moved to Washington and the little green house on K street was opened. The Anti-Saloon League also moved its high command to Washington and opened its congressional and administrative control office.

Harding appointed Harry Daugherty, of Ohio, as Attorney General. That brought in his brother Mel, his friend Jesse Smith, Smith's divorced wife, Roxie Stinson, Gaston B. Means, Charles Cramer, Charles Forbes, Col. Thomas W. Miller, and others who later were to furnish suicides, scandals, and jailbirds.

The Ohio prohibitionists, having moved in, proceeded to assume control of prohibition enforcement. John F. Kramer, first prohibition commissioner, resigned to become an Anti-Saloon League lecturer. One Ohio faction wanted to put Newton Fairbanks, a small town (Ohio) editor, in charge of enforcement, but the more influential Ohio section, with Wayne B. Wheeler, as its man of large consequence, wanted the job for Roy A. Haynes and through Wheeler he got it. Wheeler and Frank B. Willis, of Ohio, were friends. Willis had put Harding in nomination at Chicago. He had been governor. He later was to go to the Senate. He is now Harding's successor as Ohio's candidate for President and he is completely subservient to the Anti-Saloon League, a hundred per center for league control.

Mr. Harding's private supply of liquor also was moved to Washington and more was procured. One prominent national Republican was soon describing himself as the official bootlegger to the White House, and even beer by the keg could be recommended as very good. Cocktail hour in the White House was a part of the ceremony. Mr. Wheeler, then general counsel of the Anti-Saloon League, now dead, was recognized as dominant in Congress and the administration for all purposes in which he cared to assert himself. Some Members of Congress earned money, dignified as honorarium, for speeches for the league.

Albert Fall, of New Mexico, had been appointed Secretary of the Interior. Mr. Fall had been in the Senate with Mr. Harding. Less than three months after the new Secretary took his place an Executive order transferred the naval oil reserves, including Teapot Dome and Elk Hills, to the Department of the Interior.

Six months after the transfer the Continental Trading Co., a Canadian corporation, was organized and on that day it bought and sold 33,000,000 barrels of oil. It bought at $1.50 a barrel and sold at $1.75, a profit of $8,000,000, some part of which is lost in ambiguity. But $3,080,000 is known to have been actually realized and invested in Liberty bonds, some of which were held as a political working fund.

In April, 1922, the Teapot Dome reserve was leased by Secretary Fall to the Mammoth Oil Co., a Sinclair corporation, and Elk Hills to the Pan American Oil Co., belonging to Edward L. Doheny. This brief summary is given merely to show the rapidity with which the system of corruption was organized and put in action with a war chest full of millions procured through the astonishing Continental Trading Co.

It is not yet known where all that money went. For parallels to the corruption it is necessary to go back to the debt assumption scandals of the early Republic, to the Yazoo land deals, to the Credit Mobilier. Fall received Liberty bonds traced to the Continental Co. In all he received $230,000 worth. He also had a "loan" of $100,000 from Doheny. The Continental deal did not come to a disclosure until September, 1924, and at this moment the Senate investigating committee is trying to trace the disbursement of money used to influence political action, pay for acts of corruption, and to control the Republican Party.

Out of the still obscured picture have come flashes of Will Hays, chairman of the national committee which managed Harding's campaign, peddling Sinclair's Liberty bonds from the Continental fund to cover the oil stain on the contributions. Mr. Hays was worried by the campaign deficit and more worried in the uneasy possession of the money Sinclair gave him to meet it. He was hunting Republicans to take the bonds in $50,000 packages, give him their own checks to hide the source, and reimburse themselves by selling the bonds. The summary of events shows the quick work of the oil conspirators, but the evidence is not yet complete to reveal when the deals had their beginning or what all their conditions were.

Through all this and other scandal the Anti-Saloon League control of Government was complaisant. To the league a good government was

one which made sumptuary regulation paramount, which encouraged judicial overthrow of citizenship rights, which extended abuses of search and seizure, which sought extremes of punishment. The bargain was one of subservience on one side and condoning on the other. Rascals in politics could deliver themselves to the league and gain immunity for their outrages against public probity and governmental honor.

Under such patronage the scandals of Washington and of Government agencies waxed, fattened, and then exploded. Fall, Sinclair, and the Dohenys, senior and junior, were indicted. The oil leases were annulled for fraud. There were the scandals of the surplus Army goods, of the Standard Aircraft case, of the American Metals case, in which Daugherty, Smith, King, and Miller were indicted. Harry Daugherty and his brother Mel refused to testify before the Senate committee. Harry Daugherty was found to have burned all the books of the Midland National Bank, of Washington Courthouse, Ohio, where Jesse Smith had an account.

The little green house in K street was discovered for the public. Jesse Smith shot himself in Daugherty's apartment at the Wardman Park Hotel. Space permits only a sketching of the progress of fraud and violence across the scene, but names in themselves are sufficient to revive the recollection of the most dismaying episodes in national history: Gaston B. Means, Roxie Stinson, Charles Cramer (who committed suicide), Charles Forbes, Forbes of the Veterans' Bureau. He was an intimate of Harding, Daugherty, et al. He was given direction of the hospitalization of the country's wounded soldiers, and entered upon a career of fraud which was an outrage to the helpless victims of war as well as theft of public money. He and John W. Thompson, another conspirator, went to prison for this.

We say that these scandals which ruined the reputation of a government and nearly discredited the Republican Party were under the patronage of the Anti-Saloon League. It was more than a coincidence that prohibition enforcement as conducted by the supergovernment and this political corruption were timed as they were.

The Anti-Saloon League was in self-asserted custody of public morals. It maintained a single standard by which public men acquired merit or were hounded out of office. This single standard took no account of political morals or public conduct. It required only that the person having or seeking public office deliver himself on the point of prohibition and further no questions were asked. This easily gained virtue was a cloak for rascality and was used as such. The league would use its money to ruin a public man unless he subscribed and complied and it would use the thunder of the pulpit to destroy his character unless he did. No thunder was directed against the political crook. He was spotless if he was professedly dry. The Ohio gang proved that it was not necessary to be personally dry. Delivery in public to the purposes of the league was all that was necessary. The league thus encouraged the development of unbounded rascality, which under the dry totem could preserve the outward appearance of righteousness. There was only one law which required service to gain league approval.

The secret of this had been found in Ohio, where the mask of morality could be put on to cover anything. It not only went to Washington, but it spread out in the neighboring States. The single standard of public conduct protected Small and FRANK SMITH in Illinois. The Illinois Anti-Saloon League made a perfect example of it when, with all the facts of SMITH'S public misconduct spread before it, he was indorsed, supported, and elected to the United States Senate, only to be turned back at the door.

He had been proved unfit to have an office of trust and responsibility. His financial relations with the utilities which he controlled as chairman of the Illinois commerce commission were admitted and known and no organization of citizens with any respect for probity in public office could have supported him for the United States Senate. But the Anti-Saloon League did. It swallowed his public conduct and it refused to support another dry, a man of character and ability, because it thought SMITH had the better chance to win. That was the complete test.

This despicable opportunism was a complete revelation of the indifference of the league to decent public conduct. It was an avowal that what public men did was immaterial if they would deliver themselves and their votes to the league for its enforcement of a single law. In controlling or trying to control the Illinois Legislature the league has made this single test of fitness. Rascality was of no consequence.

This has been the case in Indiana, where Shumaker, of the league, and Stephenson, of the klan, ruled the State, the league indifferent to everything except the clamping of abusive and tyrannous law on the citizens, who, under the joint domination, were reduced to abjectness and intolerance or timidity of opinion until Shumaker worked himself into a sentence for contempt of the supreme court and Stephenson was convicted of murder and sent to the penitentiary for life.

The indifference of the league to standards of public and private conduct was shown when it accepted $500,000 from Sebastian Kresge and retained it when evidence in a divorce trial revealed that the donor's life was smirched in the very particulars in which the moralists of the organization propose to regulate citizenship. It was revealed in the support and protection given William H. Anderson, state superintendent in New York, convicted of third-degree forgery in connection with his handling of money collections. It was shown again in the attempted suppression of the evidence in Kansas showing that league funds collected under Supt. Fred L. Crabbe had been paid to Justice Richard J. Hopkins of the State supreme court and to Attorney General Charles B. Griffith. These and other offenses against public dignity and probity have been without scruple.

The outrages in national and State administration against the decencies of government and of public life, against the rights of citizens and the principles of American society, these discredits to the American reputation and stains on American honor have been under the patronage of the Anti-Saloon League. They have had the indulgence of the zealous supporters of Volstead. What asserts itself to be the dominant idea of morality in the United States passes on the other side of the road. Its patronage protects corruptionists.

SENATOR BURTON K. WHEELER, OF MONTANA

Mr. BROOKHART. Mr. President, I have here an editorial from Labor for Saturday, March 10, 1928, with reference to the junior Senator from Montana [Mr. WHEELER], which I desire to have printed in the RECORD.

The VICE PRESIDENT. Without objection, it will be so ordered.

The matter referred to is here printed, as follows:

LATEST EFFORT TO "GET" WHEELER—BUTTE MINER, ORGAN OF CLARK COPPER INTERESTS, SUPPRESSES STORY OF MONTANA PROGRESSIVE'S FIGHT FOR COAL MINERS

The American people usually come to pretty sound conclusions on the facts—when they can get the facts. But they can hardly form sound judgments on things which they are not allowed to know.

Senator BURTON K. WHEELER, of Montana, is one of the ablest men of the Senate. He has been doing superb work in the probe of conditions in the mining camps of Pennsylvania. His knowledge of mining facts, as well as his native wit, enabled him, as a member of the Senate's investigating committee, to bring out the rottenness of the situation so plainly that neither doubt nor argument was possible.

Senator WHEELER lives at Butte, Mont. Butte is a mining town. Half of the grown men in the place are or have been miners. Nothing in the world would interest them more than the story of their Senator's brave fight to end the exploitation of the coal diggers of western Pennsylvania. The Associated Press carried a pretty good account of the affair.

But the Butte Miner, newspaper organ of the Clark copper interests in Montana, on several days during which this was the most interesting item of telegraphic news, did not publish a line of the story and did not even mention Senator WHEELER'S name!

The copper crowd are trying to drive WHEELER out of public life. They do not dare print the facts concerning his work in Washnigton. Hence this "silent treatment."

Labor has too much respect for the workers of Butte to believe they can be misled by such despicable tactics. Fortunately, they are not entirely dependent on the Miner for information concerning the doings of their public servants. They will get facts, and unless Labor misses its guess, next November they will give Senator WHEELER the overwhelming vote of confidence he so richly deserves.

EXECUTIVE SESSION

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After three minutes spent in executive session the doors were reopened, and (at 4 o'clock and 45 minutes p. m.) the Senate adjourned until to-morrow, Friday, April 6, 1928, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate April 5 (legislative day of April 4), 1928

POSTMASTERS

ALABAMA

Alexander H. Byrd to be postmaster at Eutaw, Ala., in place of A. H. Byrd. Incumbent's commission expired April 3, 1928.

Roy A. Lifseg to be postmaster at Montgomery, Ala., in place of R. A. Lifseg. Incumbent's commission expired February 26, 1928.

Arthur P. Thompson to be postmaster at Piedmont, Ala., in place of C. N. Thompson. Incumbent's commission expired August 8, 1926.

Harvey S. Hill to be postmaster at Cherokee, Ala., in place of C. W. Chambers, resigned.

Melvin D. Jackson to be postmaster at Phil Campbell, Ala., in place of T. L. Jackson, resigned.

ARKANSAS

John E. Bittinger to be postmaster at Grady, Ark., in place of J. E. Bittinger. Incumbent's commission expired December 19, 1927.

Wilber B. Huchel to be postmaster at Winthrop, Ark., in place of W. B. Huchel. Incumbent's commission expired April 4, 1928.

CALIFORNIA

Thomas J. Wylie to be postmaster at Cedarville, Calif., in place of T. J. Wylie. Incumbent's commission expires April 8, 1928.

James Gillies to be postmaster at Napa, Calif., in place of James Gillies. Incumbent's commission expires April 8, 1928.

Harold K. Rankin to be postmaster at Ocean Beach, Calif., in place of H. K. Rankin. Incumbent's commission expired March 19, 1928.

Anna McMichael to be postmaster at San Juan Bautista, Calif., in place of Anna McMichael. Incumbent's commission expires April 8, 1928.

COLORADO

Charles C. Hurst to be postmaster at Antonito, Colo., in place of C. C. Hurst. Incumbent's commission expired December 18, 1927.

Harry D. Steele to be postmaster at Holly, Colo., in place of H. D. Steele. Incumbent's commission expires April 7, 1928.

Martha H. Foster to be postmaster at Olathe, Colo., in place of M. H. Foster. Incumbent's commission expires April 7, 1928.

GEORGIA

Charles W. Barnes to be postmaster at Valdosta, Ga., in place of C. W. Barnes. Incumbent's commission expired September 7, 1926.

Augustus C. Kennemore to be postmaster at Cumming, Ga., in place of J. E. Puett. Incumbent's commission expired December 22, 1926.

ILLINOIS

Bernice I. Bryant to be postmaster at Browning, Ill., in place of B. I. Bryant. Incumbent's commission expired January 7, 1928.

Edward F. Ledoyt to be postmaster at Sandwich, Ill., in place of E. F. Ledoyt. Incumbent's commission expires April 10, 1928.

IOWA

Ralph J. Viner to be postmaster at Elliott, Iowa, in place of Gladdys Westrope. Incumbent's commission expired April 3, 1928.

KANSAS

Chester M. Cellar to be postmaster at Burlington, Kans., in place of O. G. Mechem. Incumbent's commission expired January 15, 1928.

Josie B. Stewart to be postmaster at Sylvan Grove, Kans., in place of J. B. Stewart. Incumbent's commission expires April 7, 1928.

KENTUCKY

Flo W. Stamper to be postmaster at Beattyville, Ky., in place of Walker Jameson, removed.

MASSACHUSETTS

Wilhelm O. Johnson to be postmaster at Woronoco, Mass., in place of W. O. Johnson. Incumbent's commission expires April 7, 1928.

MICHIGAN

C. Clyde Beach to be postmaster at Deerfield, Mich., in place of C. C. Beach. Incumbent's commission expires April 7, 1928.

Charles J. McCauley to be postmaster at Wells, Mich., in place of C. J. McCauley. Incumbent's commission expires April 8, 1928.

MINNESOTA

John A. Hilden to be postmaster at Oslo, Minn., in place of D. W. Johnson. Incumbent's commission expired December 19, 1927.

MISSISSIPPI

Raleigh T. Easley to be postmaster at Walnut, Miss., in place of C. D. Bell. Incumbent's commission expired September 22, 1926.

MISSOURI

Oley S. Cardwell to be postmaster at St. Clair, Mo., in place of O. S. Cardwell. Incumbent's commission expires April 10, 1928.

Dorothy M. Ritter to be postmaster at Wellington, Mo., in place of D. M. Ritter. Incumbent's commission expired January 14, 1928.

Edward C. DeField to be postmaster at East Prairie, Mo., in place of Sullivan Brigman, removed.

John E. Klumpp to be postmaster at Rich Hill, Mo., in place of L. W. Mathews, removed.

NEBRASKA

George W. Bennett, jr., to be postmaster at Arnold, Nebr., in place of G. W. Bennett, jr. Incumbent's commission expires April 7, 1928.

Eva R. Gilbert to be postmaster at Broadwater, Nebr., in place of E. R. Gilbert. Incumbent's commission expired December 19, 1927.

Ernest G. Miller to be postmaster at Lynch, Nebr., in place of E. G. Miller. Incumbent's commission expires April 7, 1928.

Robert G. Walsh to be postmaster at Morrill, Nebr., in place of R. G. Walsh. Incumbent's commission expires April 7, 1928.

Horton W. Bedell to be postmaster at Peru, Nebr., in place of H. W. Bedell. Incumbent's commission expires April 7, 1928.

Thomas W. Cook to be postmaster at Scotia, Nebr., in place of T. W. Cook. Incumbent's commission expires April 7, 1928.

NEVADA

Dora E. Richards to be postmaster at Sparks, Nev., in place of D. E. Richards. Incumbent's commission expires April 8, 1928.

NEW YORK

Everett W. Pope to be postmaster at Hartwick, N. Y., in place of E. W. Pope. Incumbent's commission expired February 18, 1928.

Frank C. Percival to be postmaster at Mount Upton, N. Y., in place of F. C. Percival. Incumbent's commission expired February 13, 1928.

Benjamin C. Stubbs to be postmaster at Plandome, N. Y., in place of B. C. Stubbs. Incumbent's commission expired January 8, 1928.

Clarence A. Lockwood to be postmaster at Schroon Lake, N. Y., in place of C. A. Lockwood. Incumbent's commission expired January 8, 1928.

Harry A. Jeffords to be postmaster at Whitney Point, N. Y., in place of H. A. Jeffords. Incumbent's commission expired February 29, 1928.

NORTH CAROLINA

George W. Stanton to be postmaster at Wilson, N. C., in place of G. W. Stanton. Incumbent's commission expires April 7, 1928.

Trilby Love to be postmaster at King, N. C., in place of C. B. Moore, resigned.

NORTH DAKOTA

Guy E. Abelein to be postmaster at Onamoose, N. Dak., in place of G. E. Abelein. Incumbent's commission expired December 19, 1927.

OHIO

Harry R. Hebblethwaite to be postmaster at Berlin Heights, Ohio, in place of H. R. Hebblethwaite. Incumbent's commission expires April 7, 1928.

Rollo J. Hopkins to be postmaster at Edgerton, Ohio, in place of R. J. Hopkins. Incumbent's commission expires April 7, 1928.

Clayton O. Judd to be postmaster at Garrettsville, Ohio, in place of C. O. Judd. Incumbent's commission expires April 7, 1928.

Edward C. Bunger to be postmaster at Lewisburg, Ohio, in place of E. C. Bunger. Incumbent's commission expires April 7, 1928.

John F. Adams to be postmaster at Lisbon, Ohio, in place of J. F. Adams. Incumbent's commission expires April 7, 1928.

Austin H. Bash to be postmaster at Strasburg, Ohio, in place of A. H. Bash. Incumbent's commission expires April 7, 1928.

OKLAHOMA

Frank C. McKinney to be postmaster at Yukon, Okla., in place of F. C. McKinney. Incumbent's commission expired January 14, 1928.

Leslie S. Reed to be postmaster at Hobart, Okla., in place of Denny Montgomery, resigned.

OREGON

Thomas F. Johnson to be postmaster at Hood River, Oreg., in place of T. F. Johnson. Incumbent's commission expires April 10, 1928.

Charles E. Lake to be postmaster at St. Helens, Oreg., in place of C. E. Lake. Incumbent's commission expires April 10, 1928.

PENNSYLVANIA

Jones Eavenson to be postmaster at Christiana, Pa., in place of Jones Eavenson. Incumbent's commission expires April 8, 1928.

Ambrose S. Plummer to be postmaster at Elizabethtown, Pa., in place of A. S. Plummer. Incumbent's commission expires April 7, 1928.

SOUTH CAROLINA

Thomas W. Blakely to be postmaster at Langley, S. C., in place of G. T. Buck, removed.

SOUTH DAKOTA

Hellen S. Angus to be postmaster at Humboldt, S. Dak., in place of H. S. Angus. Incumbent's commission expires April 10, 1928.

Clyde C. Asche to be postmaster at Olivet, S. Dak., in place of C. C. Asche. Incumbent's commission expires April 8, 1928.

Cyrus J. Dickson to be postmaster at Scotland, S. Dak., in place of C. J. Dickson. Incumbent's commission expires April 8, 1928.

Charles J. Moriarty to be postmaster at Marion, S. Dak., in place of S. H. Dains, removed.

TENNESSEE

John M. Whiteside to be postmaster at Bellbuckle, Tenn., in place of J. M. Whiteside. Incumbent's commission expires April 7, 1928.

Lula C. Beasley to be postmaster at Centerville, Tenn., in place of L. C. Beasley. Incumbent's commission expires April 7, 1928.

Luther D. Mills to be postmaster at Middleton, Tenn., in place of L. T. Cornelius, removed.

TEXAS

Ewald Straach to be postmaster at Miles, Tex., in place of Ewald Straach. Incumbent's commission expires April 10, 1928.

VERMONT

Dwight L. M. Phelps to be postmaster at Richmond, Vt., in place of D. L. M. Phelps. Incumbent's commission expired January 3, 1928.

VIRGINIA

Connally T. Rush to be postmaster at Abingdon, Va., in place of C. T. Rush. Incumbent's commission expires April 8, 1928.

Henry G. Norman to be postmaster at Cedar Bluff, Va., in place of H. G. Norman. Incumbent's commission expires April 8, 1928.

Lucius M. Manry to be postmaster at Courtland, Va., in place of L. M. Manry. Incumbent's commission expires April 8, 1928.

Waverly S. Barrett to be postmaster at Dendron, Va., in place of W. S. Barrett. Incumbent's commission expires April 8, 1928.

William T. Oakes to be postmaster at Gladys, Va., in place of W. T. Oakes. Incumbent's commission expires April 8, 1928.

Dorsey T. Davis to be postmaster at Nathalie, Va., in place of D. T. Davis. Incumbent's commission expires April 8, 1928.

Amos L. Cannaday to be postmaster at Pulaski, Va., in place of A. L. Cannaday. Incumbent's commission expires April 8, 1928.

Fred C. Mears to be postmaster at Keller, Va., in place of A. P. Bundick, resigned.

Lindsay T. McGuire to be postmaster at North Tazewell, Va., in place of C. C. Peery, resigned.

WASHINGTON

Rudolph R. Staub to be postmaster at Bremerton, Wash., in place of R. R. Staub. Incumbent's commission expires April 10, 1928.

Lear M. Linck to be postmaster at Longview, Wash., in place of L. M. Linck. Incumbent's commission expires April 10, 1928.

WEST VIRGINIA

Robert H. Harris to be postmaster at Nitro, W. Va., in place of W. L. Lawson. Incumbent's commission expired December 18, 1927.

WISCONSIN

Ferdinand E. Grebe to be postmaster at Waupun, Wis., in place of Dena Kastein, resigned.

WYOMING

Flora Thomas to be postmaster at Grass Creek, Wyo., in place of Flora Thomas. Incumbent's commission expires April 7, 1928.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 5 (legislative day of April 4), 1928

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY

Franklin Mott Gunther to be envoy extraordinary and minister plenipotentiary to Egypt.

POSTMASTERS

KENTUCKY

William C. Huddleston, Butler.

MISSISSIPPI

Sherman W. Swalm, Brookhaven.

NEW YORK

Will J. Davy, Bergen.
Edith Phelps, Brownville.
Stephen E. Terwilliger, Candor.
Henry E. Thompson, Chateaugay.
Frank A. Haugh, Clyde.
Sidney B. Cloyes, Earlville.
J. Fred Smith, Herkimer.
Lorenz D. Brown, Jamaica.
Julia J. Tyler, Kennedy.
Earle U. McCarthy, Mineola.
Erastus J. Wilkins, Norwood.
Frank Dobbin, Shushan.

OKLAHOMA

Daisy E. Skinner, Adair.
Charles F. Ham, Jennings.
Ruth J. McLane, Lookeba.

PENNSYLVANIA

Sherwood B. Balliet, Coplay.
Arthur Bensley, Dingmans Ferry.
T. Vance Miller, Downingtown.
Alameda S. Keesy, Schenley.
William D. Heilig, Stroudsburg.
John N. Snyder, Williamstown.

SOUTH DAKOTA

Frank B. Sherwood, Cottonwood.
Clyde J. Bowell, Edgemont.
Elmer R. Hill, Newell.
Robert G. Andis, Presho.
Fred J. Seals, Spearfish.
Edward J. Groat, Thunder Hawk.

SOUTH CAROLINA

Ernest E. Brown, Aiken.
Herbert A. Horton, Lancaster.
James V. Askew, jr., Lockhart.
James D. Mackintosh, McClellanville.
Ben Harper, Seneca.

HOUSE OF REPRESENTATIVES

THURSDAY, *April 5, 1928*

The House met at 12 o'clock noon.

The Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who didst not spare Thine only begotten Son, we would not implore Thee to withhold from us the valley of pain. There can not be an affliction so heavy nor an emergency so desperate but we shall have the support of the Father's hand. The world has seen every prospect blasted and consumed. In the garden, beneath a sky palled with tragedy, the Savior is at the portal to tread the wine press alone. The moment is hushed. Toil! Tears! Night! O God forgive the iniquity of us all. We thank Thee that the seed time of suffering will become the glorious harvest. In the valley of our sorrow Thou wilt help us to rise to the bright mount of prayer. Every life must have its Gethsemane. May we learn its lesson, acquire its discipline, and even kiss the chastening rod that smites us. In that hour of our weeping may the angels who comforted the Master whisper words of love and courage and minister peace. O He who knocked at the door of our hearts and gave blessing; the One who stretched His arms to us when we were burdened, saying, "Come unto me"; the One who stood by us in every dark hour, when the waves ran high and the night was dark. O this is the Christ who shall be our King and our Lord, and in the sunshine of whose face we shall abide forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 142. An act to add certain lands to the Idaho National Forest, Idaho;

H. R. 144. An act to add certain lands to the Challis and Sawtooth National Forest, Idaho;

H. R. 328. An act to relieve the Territory of Alaska from the necessity of filing bonds or security in legal proceedings in which such Territory is interested;

H. R. 333. An act authorizing the sale of certain lands near Seward, Alaska, for use in connection with the Jesse Lee Home;

H. R. 343. An act to amend section 128, subdivision (b), paragraph 1, of the Judicial Code as amended February 13, 1925, relating to appeals from district courts;

H. R. 465. An act to authorize the city of Oklahoma City, Okla., to sell certain public squares situated therein;

H. R. 1997. An act for the relief of Clifford J. Turner;

H. R. 3466. An act for the relief of George A. Winslow;

H. R. 4125. An act for the relief of Holger M. Trandum;

H. R. 5075. An act for the relief of W. J. Bryson;

H. R. 5495. An act to provide for cooperation by the Smithsonian Institution with State, educational, and scientific organizations in the United States for continuing ethnological researches on the American Indians;

H. R. 5545. An act granting certain lands to the State of California;

H. R. 5923. An act for the relief of the Sanitarium Co., of Portland, Oreg.;

H. R. 6056. An act to provide for addition of certain lands to the Challis National Forest;

H. R. 7463. An act amending an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims";

H. R. 7472. An act to grant to the town of Cicero, Cook County, Ill., an easement over certain Government property;

H. R. 9118. An act for the relief of William C. Braasch;

H. R. 9144. An act to provide for the conveyance of certain lands in the State of Wisconsin for State park purposes;

H. R. 9583. An act authorizing the reporting to the Congress of certain claims and demands asserted against the United States;

H. R. 10483. An act to revise the boundary of a portion of the Hawaii National Park on the island of Hawaii, in the Territory of Hawaii;

H. R. 10563. An act extending the provisions of the recreational act of June 14, 1926 (44 Stat. L. 741), to former Oregon & California Railroad and Coos Bay Wagon Road grant lands, in the State of Oregon;

H. R. 10884. An act to amend the act entitled "An act to carry into effect provisions of the convention between the United States and Great Britain to regulate the level of Lake of the Woods concluded on the 24th day of February, 1925," approved May 22, 1926; and

H. J. Res. 215. Joint resolution to authorize the Secretary of Agriculture to accept a gift of certain lands in Clayton County, Iowa, for the purposes of the upper Mississippi River wild life and fish refuge act.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 445. An act for the relief of the Florida East Coast Car Ferry Co.;

S. 471. An act for the relief of Agnes McManus and George J. McManus;

S. 726. An act to make it the duty of certain courts of the United States to render decisions within certain maximum limits of time;

S. 764. An act for the relief of J. F. Nichols;

S. 1179. An act to provide for the development of stock-watering places in the Modoc National Forest;

S. 1191. An act to amend an act of March 3, 1885, entitled "An act providing for allotment of lands in severalty to the Indians residing upon the Umatilla Reservation in the State of Oregon, and granting patents therefor, and for other purposes";

S. 1275. An act to create an additional judge for the southern district of Florida;

S. 1387. An act for the relief of J. W. Anderson;

S. 1448. An act for the relief of Omer D. Lewis;

S. 1499. An act for the relief of Harry C. Saxton;

S. 1648. An act for the relief of Oliver C. Macey and Marguerite Macey;

S. 2366. An act to amend subchapter 1 of chapter 18 of the Code of Laws for the District of Columbia relating to degree-conferring institutions;

S. 2655. An act to carry out the findings of the Court of Claims in the case of the Atlantic Works of Boston, Mass.;

S. 2673. An act for the relief of James E. Trussell;

S. 2697. An act for the relief Hattie M. McMahon;

S. 2910. An act granting to the State of South Dakota for park purposes the public lands within the Custer State Park, S. Dak.;

S. 3162. An act to authorize the improvement of the Oregon Caves in the Siskiyou National Forest, Oreg.;

S. 3178. An act to provide an additional method for collecting taxes in the District of Columbia, and for other purposes;

S. 3224. An act to extend the provisions of the forest exchange act, approved March 20, 1922 (42 Stat. 465), to the Crater National Forest, in the State of Oregon;

S. 3225. An act to enlarge the boundaries of the Crater National Forest;

S. 3361. An act authorizing the Secretary of the Interior to convey to the city of Hot Springs, Ark., all of lot No. 3, in block No. 115, in the city of Hot Springs, Ark.;

S. 3365. An act to authorize allotments to unallotted Indians on the Shoshone or Wind River Reservation, Wyo.;

S. 3395. An act to amend subchapter 3 of Chapter XVI of the Code of Law for the District of Columbia;

S. 3435. An act to authorize an appropriation from tribal funds to pay part of the cost of construction of a road on the Crow Indian Reservation, Mont.;

S. 3439. An act to authorize the Secretary of Agriculture to acquire a herd of musk oxen for introduction into Alaska for experimentation with a view to their domestication and utilization in the Territory;

S. 3512. An act to authorize the taxation of certain interests in lands within reclamation projects;

S. 3677. An act to withhold timberlands from sale under the timber and stone act;

S. J. Res. 59. Joint resolution authorizing the President to ascertain, adjust, and pay certain claims of grain elevators and grain firms to cover insurance and interest on wheat during the years 1919 and 1920, as per a certain contract authorized by the President;

S. J. Res. 93. Joint resolution to provide for the payment of the claim of the Government of China for compensation of Sun Jui-chin for injuries resulting from an assault on him by a private in the United States Marine Corps; and

S. J. Res. 111. Joint resolution authorizing the acceptance of title to certain lands in the counties of Benton and Walla Walla, Wash., adjacent to the Columbia River bird refuge in said State established in accordance with the authority contained in Executive Order No. 4501, dated August 28, 1926.

The message further announced that the Senate had passed with amendments bills and a joint resolution of the following titles, in which the concurrence of the House was requested:

H. R. 1530. An act for the relief of William F. Wheeler;

H. R. 9112. An act for the relief of William Roderick Dorsey and other officers of the Foreign Service of the United States who, while serving abroad, suffered by theft, robbery, fire, embezzlement, or bank failures losses of official funds;

H. R. 9829. An act to extend the provisions of the act of Congress approved March 20, 1922, entitled "An act to consolidate national forest lands";

H. R. 11133. An act making appropriations for the government of the District of Columbia and other activities chargeable, in whole or in part, against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes; and

H. J. Res. 118. Joint resolution authorizing the Secretary of War to award a duplicate Congressional Medal of Honor for the widow of Lieut. Col. William J. Sperry.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House of Representatives to the bill (S. 1498) entitled "An act to extend the time for the construction of a bridge across the Chesapeake Bay, and to fix the location of said bridge.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that on the following dates they presented to the President of the United States, for his approval, bills of the following titles:

On April 3, 1928:

H. R. 9020. An act to amend an act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, and the acts amendatory thereof and supplementary thereto.

On April 4, 1928:

H. R. 4115. An act for the relief of Winfield Scott;

H. R. 4116. An act for the relief of W. Lawrence Hazard;

H. R. 4117. An act for the relief of Harriet K. Carey;

H. R. 11140. An act to provide for the inspection of the battle field of Kings Mountain, S. C.; and

H. R. 12245. An act to amend the War Finance Corporation act, approved April 5, 1918, as amended.

REFERENCE OF A BILL

Mr. HAWLEY. Mr. Speaker, I ask unanimous consent that the bill H. R. 8359 be referred from the Committee on Ways and Means to the Committee on Claims. Both chairmen are agreed to this.

The SPEAKER. The gentleman from Oregon asks unanimous consent that the bill H. R. 8359 be referred from the Committee on Ways and Means to the Committee on Claims. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent that on Saturday next, following the reading of the Journal and the disposition of business on the Speaker's table, the gentleman from Louisiana [Mr. ASWELL] may address the House for 30 minutes.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that next Saturday, after the reading of the Journal and the disposition of matters on the Speaker's table, the gentleman from Louisiana [Mr. ASWELL] may be permitted to address the House for 30 minutes. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, have we not a number of special orders to-day?

The SPEAKER. One hour and 15 minutes.

Mr. SNELL. I doubt whether we will have time to finish the bill which we expect to take up to-day. There are four hours of debate, and I understand there is going to be quite a considerable discussion, but I do not know that it makes any special difference; and the gentleman from Louisiana may as well speak on Saturday as any other time.

The SPEAKER. Is there objection?

There was no objection.

HON. JOHN Q. TILSON

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. GARRETT of Tennessee. Mr. Speaker, I take advantage of this occasion to express on behalf of his colleagues congratulations to the majority leader, the gentleman from Connecticut [Mr. TILSON], upon this anniversary of his birth and to wish him many happy returns and all of the good things that can come to a good man. [Applause.]

ORDER OF BUSINESS

The SPEAKER. Under special order of the House, the Chair recognizes the gentleman from New York [Mr. CELLER] for 10 minutes.

Mr. CELLER. Mr. Speaker, under date of March 19, last, I addressed a communication to the Secretary of State, and directed his attention to the fact that the Kingdom of Rumania was about to negotiate a loan of $60,000,000 from New York bankers and bankers abroad; that at that time negotiations were afoot with the New York banking house of Blair & Co. and with the Federal reserve bank in the city of New York. I called the attention of the Secretary further to the fact that Rumania, running true to its history, had made of itself during the last few years, as a result of pogroms and massacres of and excesses against minority populations, a pariah among the nations of the earth. That we in America stood aghast at the recent atrocities at Jassy, Kishineff, Bucharest—outrages which we thought the postwar treaties had ended forever. I called his attention to the fact that Rumania, because of her actions, stood condemned in the world of public opinion. I called attention further to the fact that Rumania had been an old offender against the rights of minorities, and that the great British statesman, Disraeli, away back in 1878, as the price of Rumania's admission into the concert of nations, had demanded that Rumania safeguard the rights of minorities in the Treaty of Berlin. I directed his attention to the difficulties that Secretary of State Hay had with Rumania in 1902, when he remonstrated with that Government and indicated that the United States could not be a tacit party to such an international wrong and that it was constrained to protest against the treatment to which the religious minorities of Rumania had been subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury to itself—but in the name of humanity.

For better understanding of the situation I herewith refer to said letter appearing at the end of these remarks.

I recalled to Mr. Kellogg that in December, 1926, I invited his attention to the excesses then going on in Rumania, and I indicated that he had the right of protest. He replied that the treaty of Versailles had set up a tribunal where religious and racial minorities might bring their grievances, but that inasmuch as we had not become a signatory to the treaty, we could not remonstrate. I thought and so replied that the tribunal of the Council of the League of Nations was not an exclusive tribunal; that just as Secretary of State Hay in 1902 protested, we had a right, if only on grounds of high morality, to protest. I furthermore said that although there was no jurisdiction to protest in 1926, at least now the Secretary had jurisdiction to interdict at least the loan to Rumania. It has been the policy of the Secretary of State—and there are grave doubts as to the legality of that policy—to sanction or disapprove applications for loans to foreign governments and foreign countries. Embargoes have been placed against France, Italy, and Belgium, as well as Russia. They were lifted as against Italy and Belgium when they settled their debts, but the ban still is in force against France. The Secretary of State said that he would proscribe loans to those countries where the money was to be used to build up monopolies of raw materials which we import, where the money was to be used for armament purposes, and where the debts owing to us from those countries had not been settled.

Does not the Secretary of State—with doubtful legality, of course—indirectly censor the action of foreign governments when he says that those loans shall not be granted; when he says Russia shall have no money because we disagree with its form of government, which repudiated its debts; does he not seek to influence the internal policy of that country? The conclusion is inescapable, and the question must be answered in the affirmative; and thus the Secretary of State becomes in a way a censor of foreign countries. If he would sanction a loan to Rumania, he would indirectly be putting the imprimatur of approval of his department upon the conduct of Rumania, a country which, as I said before, had made itself a pariah among nations.

Mr. KING. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Yes.

Mr. KING. Is it not a question of whether or not the people who are making the loans in this country should not be warned?

Mr. CELLER. I will say that Blair & Co. and all who participate in that loan are doing a grievous wrong, and in my humble way I shall do everything in my power to prevent every fair-minded man and woman in this country from investing money in loans that will be used by that most medieval of nations, the Kingdom of Rumania. I shall point out that the money may even be used to further the very excesses we inveigh against.

Now, we are told that the American committee on religious minorities made a report, for example, that gives a most depressing picture of conditions in that benighted country, and shows that Lutherans, Baptists, Roman Catholics, and Jews are the—

victims of an excited nationalism directly stimulated or connived at by a majority of the ruling classes.

The committee said further:

That minority rights stipulated in the peace treaties by which the new Rumania came into being are inscribed in the constitution but are largely violated in practice. Patriotic "defense" organizations, animated by religious or racial hatred, are sanctioned by the Government. The old pre-war policies of Russification against many subject races of the Czars, of Germanification against the Poles, are now in force, and with a ruthlessness of procedure that the old methods did not always attain. In the universities, in the schools and courts of law, in various fields of administration, the investigators found a state of inequity which moves it to speak out with a vigor that refuses to take account of international "etiquette."

The Secretary of State replied to me under date of March 23, and said that up to that day no application had been presented to him for a loan to Rumania or for his approval. The letter follows:

DEPARTMENT OF STATE,
Washington, March 23, 1928.

The Hon. EMANUEL CELLER,
House of Representatives.

MY DEAR MR. CELLER: I have received your letter of March 19, 1928, in which you state that it is rumored in New York financial circles that the Rumanian Government is negotiating for an international loan of $60,000,000, the greater portion of which will be obtained in the United States. You refer to the department's policy with reference to foreign loans and request that the department disapprove of any financing in the Ameriman market on behalf of the Rumanian Government because of the occurrence of anti-Semitic disturbances in Rumania.

In reply I beg to inform you that the department has not been consulted in connection with the loan negotiations to which your letter refers.

In this connection I take pleasure in inclosing for your information a copy of the department's press statement of March 3, 1923, with reference to the flotation of foreign loans in the United States. It will be noted that the controlling factor in determining the department's policy with reference to specific loans is the question of whether or not the proposed financing involves national interests. As you are aware, Rumania concluded a debt-funding agreement with the Government of the United States on December 4, 1925.

There is also inclosed for your information the text of my address of December 14, 1925, made at a dinner of the Council on Foreign Relations. Pages 16 and 17 contain my remarks with reference to foreign loans.

I am, my dear Mr. CELLER,
Sincerely yours,

FRANK B. KELLOGG.

(Inclosures (2): Press statement dated March 3, 1923; copy of address of December 14, 1925.)

DEPARTMENT OF STATE,
March 3, 1922.

FLOTATION OF FOREIGN LOANS

At a conference held last summer between the President, certain members of the Cabinet, and a number of American investment bankers, the interest of the Government in the public flotation of issues of foreign bonds in the American market was informally discussed and the desire of the Government to be duly and adequately informed regarding such transactions before their consummation, so that it might express itself regarding them if that should be requested or seem desirable was fully explained. Subsequently the President was informed by the bankers that they and their associates were in harmony with the Government's wishes and would act accordingly.

The desirability of such cooperation, however, does not seem sufficiently well understood in banking and investment circles.

The flotation of foreign bond issues in the American market is assuming an increasing importance, and on account of the bearing of such operations upon the proper conduct of affairs it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and of subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.

American concerns that wish to ascertain the attitude of the department regarding any projected loan should request the Secretary of State, in writing, for an expression of the department's views. The department will then give the matter consideration and, in the light of the information in its possession, endeavor to say whether objection to the loan in question does or does not exist; but it should be carefully noted that the absence of a statement from the department, even though the department may have been fully informed, does not indicate either acquiescence or objection. The department will reply as promptly as possible to such inquiries.

The Department of State can not, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions, nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of this Government. The department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.

Mr. O'CONNELL. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Yes.

Mr. O'CONNELL. Was that in March of the present year?

Mr. CELLER. Yes; in March of the present year. But while there seems to be no application filed with the Secretary, the New York Herald and Tribune this morning publishes a dispatch from Bucharest which seems to indicate that a loan had been concluded for $80,000,000, although Blair & Co., replying to the Herald and Tribune, said that in so far as they knew the loan had not been concluded. But it was admitted that plans for the loan are being carefully studied at the offices of the firm.

I submit, therefore, gentlemen, that there is a grave probability that the loan will be concluded probably with or without the consent of the Secretary of State. But I am sure that Blair & Co. and the Federal reserve bank in New York will not risk making that loan without the consent of the Secretary of State.

Mr. WAINWRIGHT. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Yes.

Mr. WAINWRIGHT. I want to ask the gentleman if it has been the course of the financial institutions to make loans to foreign countries except with the consent of their own Government? Could the gentleman cite a case where that was done?

Mr. CELLER. Pursuant to the policy enunciated by the State Department every banker, so far as I have been able to discover, has first sought the permission of the Secretary of State before making a loan; so I think the Rumanian application will soon find its way to the desk of the Secretary of State, and I fervently hope that the Secretary of State will take into consideration the conditions that have prevailed in Rumania for the last few years and proscribe this proposed loan.

Mr. BLACK of New York. Mr. Speaker, will the gentleman yield?

Mr. CELLER. Yes.

Mr. BLACK of New York. Is it not a fact that the Kingdom of Rumania has recently defaulted on a short-term note of £5,000? If they can not pay that money, how are they going to pay back the $60,000,000?

Mr. CELLER. I thank the gentleman for the information.

The recital of excesses in Rumania reads like a page of the darkest misdeeds of medieval times. Here, therefore, is an opportunity for us to give some sort of help. We can say to Rumania first rehabilitate yourself in the eyes of the world, first redeem yourself and give the strongest assurances that your offense will not recur—then, and only then, shall we lend financial help.

In Rumania there is oppression and there is misery. Must we not help?

In conclusion, permit a reference to two stanzas of James Russell Lowell's poem entitled "Freedom":

Is true freedom but to break
Fetters for our own dear sake,
And, with leathern hearts, forget
That we owe mankind a debt?
No! true freedom is to share
All the chains our brothers wear,
And, with heart and hand, to be
Earnest to make others free!

They are slaves who fear to speak
For the fallen and the weak;
They are slaves who will not choose
Hatred, scoffing, and abuse,
Rather than in silence shrink
From the truth they needs must think;
They are slaves who dare not be
In the right with two or three.

[Applause.]

Under leave to extend my remarks I insert the following letters from the Secretary of State to myself under date of January 11, 1927; my rejoinder to him of January 13, 1927; my letter of March 19, 1928; letter to John Sullivan, Esq., president of New York State Federation of Labor, March 26, 1928, and his reply of March 29, 1928:

DEPARTMENT OF STATE,
Washington, January 11, 1927.

The Hon. EMANUEL CELLER,
House of Representatives.

MY DEAR MR. CELLER: I am in receipt of your letter dated December 31, 1926, in which you refer to the recent alleged mistreatment of the Jews in the cities of Kishineff, Kalrash, Jassy, and Bucharest.

Your letter contains excerpts from Secretary of State Hay's circular instruction of August 11, 1902, to the American diplomatic representatives at Paris, Berlin, London, Rome, Petrograd, and Constantinople. This circular instruction reproduces part of an instruction of July 17, 1902, to Mr. Wilson, at the time minister to the Balkan States. The text of this latter instruction is to be found on pages 910–914 of the Foreign Relations of the United States for 1902. For your convenient reference I inclose herewith copies of both instructions.

You will note that the instruction to Mr. Wilson deals with two matters:

1. The negotiation of a naturalization convention with Rumania.
2. Certain aspects of the then existing immigration problem.

The relationship between the instruction of July 17, 1902, and the circular of August 11, 1902, is indicated in the first and second paragraphs of the latter.

In your letter you suggest that what was said in 1902 by Secretary of State Hay may readily be said by me at this time. The status of minorities in Rumania, however, appears to have undergone considerable change since 1902. A treaty between the principal allied and associated powers and Rumania, signed at Paris on December 9, 1919, guarantees the rights of these minorities in Rumania. Article 12 of that treaty is as follows:

"Rumania agrees that the stipulations in the foregoing articles, so far as they affect persons belonging to racial, religious, or linguistic minorities, constitute obligations of international concern and shall be placed under the guaranty of the League of Nations. They shall not be modified without the assent of a majority of the council of the League of Nations. The United States, the British Empire, France,

Italy, and Japan hereby agree not to withhold their assent from any modification in these articles which is in due form assented to by a majority of the council of the League of Nations.

"Rumania agrees that any member of the Council of the League of Nations shall have the right to bring to the attention of the council any infraction or any danger of infraction of any of these obligations, and that the council may thereupon take such action and give such direction as it may deem proper and effective in the circumstances.

"Rumania further agrees that any difference of opinion as to questions of law or fact arising out of these articles between the Rumanian Government and any one of the principal allied and associated powers or any other power, a member of the Council of the League of Nations, shall be held to be a dispute of an international character under article 14 of the Covenant of the League of Nations. Rumania hereby consents that any such dispute shall, if the other party thereto demands, be referred to the Permanent Court of International Justice. The decision of the permanent court shall be final and shall have the same force and effect as an award under article 13 of the covenant."

This article would seem to indicate that the Jews of Rumania have been provided with a forum before which any infractions of the treaty can be brought. So far as the department is aware, no appeal has been made in behalf of the Jews of Rumania under this article of the treaty. The treaty, although signed by the American representatives at the Paris conference, was never ratified by the United States.

A copy of your letter is being forwarded to the American minister at Bucharest. I shall be happy to communicate with you again in case the department receives any information on the matters dealt with in your letter.

I am, my dear Mr. CELLER,

Sincerely yours,

FRANK B. KELLOGG.

(Inclosures: Copies of instructions dated July 17 and August 11, 1902.)

JANUARY 12, 1927.

Hon. FRANK B. KELLOGG,

Secretary State Department, Washington, D. C.

MY DEAR MR. SECRETARY: I acknowledge receipt of your letter dated January 11, in reply to mine dated December 31, 1926, concerning alleged mistreatment of the Jews in the cities of Kishineff, Kalrash, Jassy, and Bucharest.

While I differ with you in the position which you have taken, I do, indeed, respect your attitude and the policy of the Department of State which probably prompted it. You point out that a proper form has been provided in the treaty between the principal allied and associated powers and Rumania, signed at Paris on December 9, 1919, to which the Jews, as a minority population, can present their grievances. That form is the Council of the League of Nations, and in the event of an interpretation of the guaranties affecting racial, religious, or linguistic minorities, the matter shall be referred to the Permanent Court of International Justice.

In my humble opinion, the treaty of Paris, signed December 9, 1919, would not create an exclusive remedy or set up an exclusive tribunal to which these grievances might be referred. I still think, on grounds of lofty humanity, our Government would have the moral right to protest along the lines suggested in my previous communication.

However, I am very grateful for your having given the deep consideration to this matter which your reply indicates.

Yours very respectfully,

E. CELLER.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., March 19, 1928.

Hon. FRANK B. KELLOGG,

Secretary State Department, Washington, D. C.

MY DEAR MR. SECRETARY: It is bruited about Wall Street that the Government of Rumania is negotiating the floating of an international loan of $60,000,000, a major portion of which is to be offered to the American public. It apparently is to stabilize the finances of Rumania. It is rumored that the Federal reserve bank at New York will be expected to join other financial institutions here and abroad in extending credit to this most bureaucratic and most medieval government in Europe.

Rumania, running true to its history, has made of itself during the last few years, as a result of pogroms and massacres of minority populations, a pariah among nations.

We, in America, stood aghast at the recent atrocities at Kishineff—outrages which we thought the post-war treaties had ended forever.

Rumania was bitterly condemned in the court of world opinion.

It was not the first time this benighted country stood condemned before the world. It has repeatedly violated the pledges given in the treaty of Berlin in 1878, wherein Disraeli demanded that it give assurance that it would treat its minority populations equitably, as a price for its becoming an independent nation. Rumania has never kept a promise or a treaty. It never will.

It renewed its pledges at Versailles in 1919 only to break them at Oradeamare this past year.

Now, its minister, Mr. George Cretziano, pledges his country to an honorable course for the future. But, however estimable Mr. Cretziano may be and however sincere personally, he can not bind the Bratiano dynasty and the Rumanian bureaucracy. He is a shadow. They the substance. Disapproval, no matter how harsh, criticism, no matter how bitter, have never made so much as a dent in the ironclad intolerance of this nation. Only the mailed fists or acts of other nations that threaten her security or self-interest have ever brought Rumania to terms. Secretary of State Hay, in 1902, forced her hand when he negotiated with the Government of Rumania for a convention of naturalization. He called attention to the treaty of Berlin, which prescribed:

"In Rumania, that difference of religious creeds and confessions shall not be alleged against any person as a ground for exclusion or incapacity in matters relating to the enjoyment of civil and political rights, admission to public employments, functions, and honors, or the exercise of the various professions and industries in any locality whatsoever."

He furthermore emphasized the fact that—

"with the lapse of time, these prescriptions have been rendered nugatory in great part, as regards the native Jews, by the legislation and municipal regulations of Rumania."

And that—

"by the cumulative effect of successive restrictions, the Jews of Rumania have become reduced to a state of wretched misery."

He indicated that the United States—

"can not be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury itself but in the name of humanity."

It is needless to state that Rumania came to terms under the threats hurled at her by Secretary of State Hay.

Under date of December 31, 1926, I called your attention to the mistreatment of Jews in the cities of Kishineff, Kalrash, Jassy, and Bucharest. I then suggested that what was said by Secretary Hay in 1902 might readily be said by you in 1926. You replied, under date of January 11, 1927, that the status of minorities had undergone considerable change since 1902 and that the rights of minorities in Rumania had been fixed by the treaty signed at Paris in 1919, and that any grievance suffered by minority populations might be redressed in the Council of the League of Nations. You therefore held that the League of Nations was the proper forum before which any infractions of the treaty might be brought. But since the said treaty was not ratified by the United States, we could not intervene.

Under date of January 12, 1927, I responded and stated that in my humble opinion the Paris treaty of 1919 did not create an exclusive remedy or set up an exclusive tribunal to which the recent excesses in Rumania might be referred. I felt that on grounds of lofty humanity our Government had the moral right to protest.

Now, this same Government, guilty of those excesses, is knocking at our doors and seeks financial assistance.

I respectfully petition that you in your great office as Secretary of State disapprove of any loan to Rumania.

Even at this very writing we are informed that anti-Semitic atrocities again threaten Rumanian Jews, and that the imminence of such atrocities was the gist of an alarming interpolation introduced into the Rumanian House of Parliament on March 16 by one of its deputies.

While overtures made by the Rumanian minister to this country that he would endeavor to persuade his Government to renew its pledges of protection to minorities are most praiseworthy, and while his efforts should meet with encouragement, nevertheless Rumania should be forced to purge herself of her wrongs. She must be made to realize that she can expect no financial favors from us. That shall be her punishment.

Nearly three years ago the State Department closed American money markets to France, Italy, and Belgium until those countries agreed to settlement of their war-time debts to us. The ban has since been lifted as against Italy and Belgium, but the ban remains against France, although the State Department has agreed to the flotation of a French refunding loan, which would simply be a matter of refinancing at a lower interest rate.

If you placed embargoes against countries that failed to settle their debts with us, how much weightier is the reason for the similar ban against a country like Rumania, which has so sinned against morality and decency.

If you had no jurisdiction to protest in December, 1926, surely you have jurisdiction now to show Rumania in a most effective manner how she has offended.

I am informed that the Chase National Bank was urged not to finance a loan to Soviet Russia because of our proscription against its form of

government and the actions of its officials in their attempt to subvert our Government.

Since March, 1922, virtually all of the loans made abroad have been reviewed by the State Department, the bankers, at the suggestion of the department, having voluntarily submitted their proposals to the department in advance.

I offer no opinion as to the legality of the actions of the Department of State. I presume it is the right of the Executive, through his State Department, to direct the foreign relations of the Government.

I presume that no exception will be made and that Blair & Co., the New York bankers, who are handling the loan, and the Federal Reserve Bank at New York, through Governor Strong, will present to you, in the ordinary course, the application for the loan for your approval or rejection.

I presume the application is already upon your desk. Would not your consent to that loan be construed as an approval of the acts of the government applying? You have assumed to censor the governments by disapproving loans to them because of their actions.

You stated that the policy of the State Department in this regard was as follows:

"It has objected to loans to countries which had not settled their debts to the United States, as it believed that it was not in the public interest to continue to make such loans, and it has objected to certain loans for armament and the monopolization of products consumed in the United States."

I, therefore, petition that you interdict any loan to Rumania by disapproving in the general public interest and upon grounds of high morality any application presented to you for that purpose.

Very truly yours,

E. CELLER.

FROM CONGRESSMAN EMANUEL CELLER

MARCH 26, 1928.

JOHN SULLIVAN, Esq.,
President New York State Federation of Labor,
Bible House, New York City.

MY DEAR PRESIDENT: I wish to congratulate you and the New York State Federation of Labor upon your foresight in conducting a discussion Sunday at the Washington Irving High School, in New York, on the subject of using reserve capital in public works at home, rather than in foreign loans, to the end that in some measure relief may be had from unemployment.

Under date of March 22, 1928, I addressed a communication to Mr. Kellogg, Secretary of State, asking that he proscribe against a loan of $60,000,000 to Rumania, which is about to be financed by American bankers together with the Federal Reserve Bank of New York.

Nearly three years ago the State Department closed American money markets to France, Italy, and Belgium until those countries agreed to settle their war-time debts to us. The ban has since been lifted as against Italy and Belgium, but still continues as against France. The Chase National Bank was likewise urged not to finance a loan to Soviet Russia, because of our proscription against its former government.

The Department of State has indirectly acted in the rôle of censor for the actions of governments. It has interdicted loans where foreign governments were to use same for armament, for the building up of monopolies of raw materials imported by us, and where the war debts of those countries had not been paid to us.

Although the action of the State Department is of doubtful legality, nevertheless, precedents have been established. For that reason I asked the Secretary of State to disapprove of the application of bankers that they be permitted to loan $60,000,000 to Rumania. That country has been guilty of extreme excesses and atrocities against its minority populations. Its Government has refrained from protecting said populations against pogroms and massacres. It stands condemned in the world of public opinion. It should not, therefore, receive financial aid from us.

Furthermore, there is an additional reason for our refusing aid. You and the friends of labor discussed that proposition at your recent meeting. Those funds might well be used for such public improvements as hydro-electric developments in the various States, for better housing, for roads, and for bridges, to the end that those now idle might be employed.

May I therefore ask the New York State Federation of Labor to join with me in protesting against any loans to Rumania.

Yours very truly,

E. CELLER.

THE NEW YORK STATE FEDERATION OF LABOR,
New York, N. Y., March 29, 1928.

Hon. EMANUEL CELLER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN: This is to acknowledge receipt of yours of March 26 regarding the contemplated loan of $60,000,000 to Rumania, which is about to be financed by the American bankers together with the Federal Reserve Bank of New York.

Personally, I agree with your views in this matter. It is a very true statement that the funds might well be used for public improvements at home, in order to give work to the unemployed. From what facts I have been able to gather from people who are in a position to know, the unemployment situation in this country was never worse than what it is at the present moment.

You realize that I can not speak for the New York State Federation of Labor relative to the proposed loan, because the subject matter was never brought before them. However, should it be necessary for a meeting of our council in the very near future, I shall be very glad indeed to bring the matter before them, and recommend the indorsement of your action on this proposition.

Again, let me say that I am in hearty accord with your stand in this matter.

Yours very truly,

JOHN SULLIVAN, *President.*

NO QUORUM—CALL OF THE HOUSE

Mr. CRAIL. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. CRAIL. I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from California makes the point of order that there is no quorum present. Evidently there is no quorum present.

Mr. SNELL. Mr. Speaker, I move a call of the House.

The SPEAKER. The gentleman from New York moves a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will notify the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 63]

Abernethy	Connolly, Pa.	Igoe	Sanders, N. Y.
Aldrich	Cooper, Ohio	Irwin	Schneider
Andrew	Cramton	Kearns	Sears, Fla.
Anthony	Cullen	Kendall	Shreve
Bacon	Curry	Kent	Sirovich
Beck, Pa.	Dallinger	Kindred	Somers, N. Y.
Beedy	Darrow	Kunz	Sproul, Ill.
Beers	Davey	Lampert	Sproul, Kans.
Begg	Dempsey	Langley	Strong, Pa.
Berger	Dickstein	Larsen	Strother
Boies	Douglass, Mass.	McLaughlin	Sullivan
Bowles	Doutrich	Martin, Mass.	Sweet
Boylan	Doyle	Michaelson	Tatgenhorst
Brand, Ohio	Edwards	Montague	Temple
Britten	England	Mooney	Thatcher
Browne	Eslick	Moore, N. J.	Thompson
Buckbee	Estep	Nelson, Me.	Tillman
Burdick	Fenn	Nelson, Wis.	Tinkham
Bushong	Fish	Norton, N. J.	Treadway
Butler	Fitzgerald, W. T.	Palmer	Underhill
Byrns	Foss	Peavey	Updike
Campbell	Frear	Quayle	White, Kans.
Carew	Frothingham	Ragon	Whitehead
Carley	Gardner, Ind.	Ransley	Wingo
Carss	Golder	Rathbone	Winter
Clague	Goldsborough	Reed, Ark.	Wood
Clarke	Griffin	Reed, N. Y.	Wurzbach
Combs	Hammer	Robsion, Ky.	Yates
Connally, Tex.	Harrison	Rogers	Yon
Connery	Hogg	Sabath	

The SPEAKER. Three hundred and thirteen Members are present, a quorum.

Mr. SNELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

TO CONSCRIPT ALL MATERIAL RESOURCES IN FUTURE WARS

The SPEAKER. The Chair recognizes the gentleman from South Dakota [Mr. JOHNSON] for 30 minutes.

Mr. JOHNSON of South Dakota. Mr. Speaker, because of the fact that I have only a limited amount of time I must refuse to yield for questions until I have finished the argument I desire to make.

Mr. Speaker, 11 years ago a very few of you who are to-day Members of the House of Representatives and on the floor of this House to-day, sat in this same Chamber with me when the United States declared that a state of war existed between the United States and the Imperial Government of Germany.

The leaders of this body during those strenuous days have, almost without exception not only left this Chamber but are no longer numbered among the living. Those of you who are living and present to-day who remember that historic occasion will recall that at the time it was said we were entering the conflict to make the world safe for democracy; to lift from the shoulders of our citizens the burden of future war preparation; to make certain the perpetuity of our Government and to end all future wars.

What we did or did not accomplish by our votes on that occasion is known only to Divine Providence.

Separated by a decade from the idealism, the propaganda, and the convictions that sent us into the greatest conflict of history entirely unprepared for the battles in which we engaged, we can be certain to-day that the world is no safer for democracy, the burden of preparation for defense no lighter, the perpetuity of our Government no more certain, and the danger of future wars no less because of the action of Congress on April 6, 1917.

We are certain that, because of the action of Congress on that day more than 50,000 fine, upstanding young American citizens were killed in battle, 300,000 of them wounded or otherwise disabled in line of duty, $25,000,000,000 expended in the conflict, and our annual expense for the care of the disabled from that war will for many years continue to exceed $500,000,000 annually.

There are 30,000 graves in France containing all that remains of our young friends of 11 years ago.

Some of us will never be able to forget them.

One of the great tragedies of this and every other war in which this country has engaged is the fact that war burdens are not equitably distributed, and in the world conflict, as in every other war, everything has been taken from one individual, even his life, while another has been legally permitted to enjoy all of life's luxuries and to become immensely wealthy. Most of the great fortunes in the United States to-day are founded upon war activities or Government contracts in time of war.

A few of you here now will recall that day in May, 1917, when we enacted the conscription law, the statute that forced the registration of more than 24,000,000 men and mobilized an Army of 2,800,000 soldiers, a million of them within the space of 90 days. Believing that universal conscription offered the only equitable plan for the formation of an Army, I voted for that statute, and have not lived to regret that fact. Never, Mr. Speaker, can I forget the debate on that occasion, when that great American citizen, Champ Clark, who, in my opinion, would have been a great President of the United States had he been selected for that office, and who formerly occupied with credit to his country and himself the chair which you now hold, took the floor to express his honest convictions. I remember that debate, as I can not help remember that it was my great privilege to travel eastward with one of the first overseas regiments selected under the law.

Many in that regiment crossed the ocean; many less returned. To-day we know the defects of that statute in that it provided only for the conscription of men and provided neither against profiteering nor the creation in war time of immense fortunes—fortunes accumulated through the needs and necessities of the citizens of the country. We did not recognize the fact that in time of war we should all serve equally and place the burden equally upon all the people; that capital and industry must serve as well as men. Generations past should have taught this lesson to the United States, because in every one of our wars there has been the same conscienceless profiteering.

During the Revolutionary War Gen. George Washington wrote:

> It gives me very sincere pleasure to find that there is likely to be a coalition of the Whigs in your State (a few only excepted) and that the assembly of it are so well disposed to second your endeavors in bringing those murderers of our cause—the monopolizers, forestallers, and engrossers—to condign punishment. It is much to be lamented that each State, long ere this, has not hunted them down as the pests of society and the greatest enemies we have to the happiness of America. I would to God that one of the most atrocious in each State was hung in gibbets upon a gallows five times as high as the one prepared by Haman. No punishment, in my opinion, is too great for the man who can "build his greatness upon his country's ruin."

During the Civil War a committee of this House, appointed to investigate war contracts, reported:

> The system of public plunder which pervaded * * * was inaugurated at the very beginning and followed up with untiring zeal; the public welfare was entirely overlooked and as effectually ignored as if the war was gotten up to enable a mammoth scheme of peculation at the expense of the people to be carried out.

And a member of the congressional committee stated:

> Such robbery, fraud, extravagance, peculation as have been developed * * * can hardly be conceived of. There has been an organized system of pillage. * * * I fear things have run on so far there is no remedy. * * * The credit of the Government is ruined. * * * Everybody knows there has been such an extent of swindling that payment ought not to be made. * * * I am utterly discouraged and disheartened.

After the Spanish-American War we remember the investigation of war contracts and the discussion concerning "embalmed beef."

In 1919 this House of Representatives appointed the Select Committee on Expenditures in the War Department, and the Speaker of this body appointed me a member of that committee. Hearings and reports of that committee comprise 19 volumes and, as that data is available, I shall not here attempt to discuss it. It should be said, however, that the committee was handicapped in every possible manner. If it appeared that the committee fixed any responsibility upon any individual for wrong-doing, a bipartisan combination was immediately created to protect such individual. Through the efforts of Representative ROY WOODRUFF, of Michigan, now a Member of this House, and myself an appropriation of $500,000 per year was given to the Department of Justice to attempt to recover on fraudulent war contracts. On April 11, 1922, Mr. WOODRUFF and myself introduced House Resolutions 323 and 324, requesting an investigation and action on these fraudulent contracts while there was yet time to recover the money. On April 11, 1922, as shown in the CONGRESSIONAL RECORD on page 5288 and adjoining pages of volume 62, part 5, of the second session of the Sixty-seventh Congress, we attempted to secure an investigation of the Department of Justice and other departments and men responsible for governmental frauds. Representative WOODRUFF at that time said:

> In the auditing of these war contracts it was disclosed that in almost every instance overpayments running into the millions of dollars in individual cases had been made by the Government. In addition to the overpayments it was found in nearly every instance that the contractors had been guilty of acts which clearly called for action by the Department of Justice. Notwithstanding the fact that much of this information has been in the hands of the Department of Justice for months, no determined action looking either to the recovery of the money due the Government or to the criminal prosecution of the offenders has been taken.

Our resolutions were sent to the Committee on Rules and rejected. In spite of that fact, because of the agitation and the debates on the floor of this House, which many of you remember, the department was forced to take action that actually recovered for the Government more than $20,000,000 in cash and millions of dollars in supplies that were returned to the Government. Twenty million dollars would pay the salary of a Member of Congress for 2,000 years. All this occurred in April and May, 1922, prior to the Teapot Dome affair, and prior to many other governmental frauds. It occurred at a time when it was extremely unpopular to attack the head of the Department of Justice with his Bureau of Investigation and Secret Service. The men in charge of these departments were then living—living in this city of Washington and in charge of the Government and all of its departments. They were in control of every avenue of publicity and possessed all the powers of Government.

It is the irony of fate that some of the very men who to-day in legislative bodies speak most grandiosely and extravagantly of the corruption of 1921 and 1922 were so strangely silent when their voices would have been of value and when the Government's property was being stolen. It is much safer to attack dead men without power than living men with power. We wished to lock the door before the horse was stolen, to investigate and act while illegal transactions were being conducted. Had this Congress of the United States cooperated with Mr. WOODRUFF and myself in 1922 a national scandal would have been averted.

It is entirely possible that there are some of you here to-day that now wish that you had then rendered assistance. I rejoice to be able to say that there are still men in both the House and the Senate that were of assistance and were willing to fight when the fighting was good.

Although at that time the House of Representatives refused to take action, there were men throughout the country, many of them service men, who knew the facts and were unafraid. The American Legion had been formed, and in 1921–22 it had a fighting commander, Hanford (Jack) MacNider. The Legion knew and he knew that wars were not ended, although the United States and its people desired participation in no further conflicts; that this country desires nothing but peace and covets neither the lands nor prosperity of any other nation. The Legion knew and he knew that we wish no part in the disputes or quarrels of other countries and desire each nation to work out its salvation in its own way, under its own laws, through its own citizens, and that we ask only that our citizens be treated according to the well-defined rules of international law. Although governmental action could not be secured, the Legion knew of the profiteering and frauds and determined that

if another war was forced upon us its burdens should be equitably distributed. It determined that no new war fortunes should be created and that in war each individual should serve. With that ideal in mind, in September, 1922, Marquis James, a very distinguished newspaperman, and myself prepared the first universal conscription act ever introduced in the American Congress since the World War. On September 21, 1922, I introduced that resolution as House Joint Resolution 384. It read as follows:

That in the event of a declaration of war by the United States of America against any foreign government or other common enemy Congress shall provide for the conscription of every citizen and of all money, industries, and property of whatsoever nature necessary to the prosecution thereof, and shall limit the profits for the use of such moneys, industries, and property.

Mr. James and myself carried this resolution to the annual convention of the American Legion held in New Orleans, October 16–20, 1922, and the plan of universal conscription carried in that proposed resolution was adopted by that convention. In every succeeding Congress I have reintroduced it, changing the phraseology as we learned more of the practical operation of the law. A very distinguished committee of the American Legion appointed by Colonel MacNider labored strenuously in the development of the measure and has assisted in every way in carrying it to final passage. On January 4, 1928, in this Congress as H. R. 8313, I introduced the perfected bill which we propose to enact, and it was referred to the Committee on Military Affairs of the House of Representatives. It reads as follows:

Be it enacted, etc., That in the event of a declaration of war by Congress which in the judgment of the President demands the immediate increase of the Military Establishment, the President be, and he is hereby, authorized to draft into the service of the United States such members of the unorganized militia as he may deem necessary: *Provided,* That all persons drafted into service between the ages of 21 and 30, or such other limits as the President may fix, shall be drafted without exemption on account of industrial occupation.

SEC. 2. That in case of war, or when the President shall judge the same to be imminent, he is authorized and it shall be his duty when, in his opinion, such emergency requires it—

(a) To determine and proclaim the material resources, industrial organizations, and services over which Government control is necessary to the successful termination of such emergency, and such control shall be exercised by him through agencies then existing or which he may create for such purposes;

(b) To take such steps as may be necessary to stabilize prices of services and of all commodities declared to be essential, whether such services and commodities are required by the Government or by the civilian population.

Hearings on the measure were held by the House Committee on Military Affairs from March 11 to March 20, 1924, but no hearings have been granted by that committee on the bill I am now presenting to the House.

No hearings, in my opinion, will be granted by that committee, and the proposed law will again quietly and peacefully die unless by action of this House the committee is instructed under clause 4 of rule 27, which I shall to-day invoke, to report the bill. It would thereupon automatically, under the rules of the House, be brought before us for a vote. If this measure becomes the law of the land it will make future wars the business of every citizen and exorbitant monetary profits will accrue to no individual. Its effects could never be better expressed than in the statement of Hanford MacNider when he said:

The greatest peace measure of the men who fought the last war still lies before the Congress unpassed—waiting for the men who understand what it is all about. It goes by various names and, perhaps, its present form will be changed before it is written upon the statute books of the Nation. Its principle, however, is right and its basis is sound. It whips in advance the men who would start an unjust or unjustified conflagration. It makes war so inclusive that no jingo would ever be able to make it popular. In short, it directs that hereafter all the Nation's resources—capital, power, transportation, labor—will all go to war on the same basis with men's lives. When there is written into the law that no price nor service in America shall rise because of national emergency, that no man shall evade his duty, that no resource of the Nation, nor any individual within it shall remain aloof or in favored position, that all America will go forth as one man to the Nation's defense, then and then only will our mandate be on its way toward fulfillment. Then we shall be able to say authoritatively what now we can only say in speeches on days like this, "America not only wants peace but America intends to have it."

As was so well stated to me recently by Edward McE. Lewis, of the Legion:

This statute will do more to end war than all other legislation, for it will make men think before they act.

The present commander of the American Legion, Commander Edward E. Spafford, who has had much war experience and is a student of war legislation, has expressed the belief that in its ultimate consequences this is the most important preparedness measure pending before Congress.

Both the Republican and Democratic Parties in their platforms have promised that this measure will become the law of the land. You—and each of you who are present to-day were elected on those platforms—are pledged thereby to its support. You Republicans in your platform of 1924 said:

We believe that in time of war the Nation should draft for its defense not only its citizens, but also every resource which may contribute to success. The country demands that should the United States ever again be called upon to defend itself by arms, the President be empowered to draft such material resources and such services as may be required and to stabilize the prices of services and essential commodities, whether utilized in actual warfare or private activity.

You Democrats in your platform of 1924 said:

War is a relic of barbarism, and it is justifiable only as a measure of defense.

In the event of war, in which the man power of the Nation is drafted, all other resources should likewise be drafted. This will tend to discourage war by depriving it of its profits.

You of the Democratic Party who were elected by the suffrage of the people because you told them you would give them this law are going to have a chance to-day to say whether you desire to sign up and secure its passage.

The measure has been indorsed by Presidents Harding and Coolidge.

In his inaugural address of March 4, 1921, President Harding stated:

If war is again forced upon us, I earnestly hope a way may be found which will unify our individual and collective strength and consecrate all America, materially and spiritually, body and soul, to national defense. I can vision the ideal republic, where every man and woman is called under the flag for assignment to duty for whatever service, military or civic, the individual is best fitted; where we may call to universal service every plant, agency, or facility, all in the sublime sacrifice for country, and not one penny of war profit shall inure to the benefit of private individual, corporation, or combination, but all above the normal shall flow into the defense chest of the Nation. There is something inherently wrong, something out of accord with the ideals of representative democracy, when one portion of our citizenship turns its activities to private gain amid defensive war while another is fighting, sacrificing, or dying for national preservation.

Out of such universal service will come a new unity of spirit and purpose, a new confidence and consecration, which would make our defense impregnable, our triumph assured. Then we should have little or no disorganization of our economic, industrial, and commercial systems at home, no staggering war debts, no swollen fortunes to flout the sacrifices of our soldiers, no excuse for sedition, no pitiable slackerism, no outrage of treason.

Then again, at Helena, Mont., on June 29, 1923, President Harding advocated the universal draft in the following remarkable language:

I have said before, and I choose to repeat it very deliberately now, that if war must come again—God grant that it shall not—then we must draft all of the Nation in carrying on. It is not enough to draft the young manhood. It is not enough to accept the voluntary service of both women and men whose patriotic devotion impels their enlistment. It will be righteous and just, it will be more effective in war and marked by less regret in the aftermath, if we draft all of capital, all of industry, all of agriculture, all of commerce, all of talent and capacity and energy of every description, to make the supreme and united and unselfish fight for the national triumph. When we do that there will be less of war. When we do that the contest will be aglow with unsullied patriotism, untouched by profiteering in any service. * * *

If we are committed to universal service—that is, the universal commitment of every American resource and activity—without compensation except the consciousness of service and the exaltations in victory, we will be slower to make war and more swift in bringing it to a triumphant close. Let us never again make draft on our manhood without as exacting a draft on all we possess in the making of the industrial, financial, commercial, and spiritual life of the Republic.

On October 4, 1925, in the American Legion convention at Omaha, Nebr., President Coolidge indorsed the measure when he said:

Undoubtedly one of the most important provisions in the preparation for national defense is a proper and sound selective service act.

Such a law ought to give authority for a very broad mobilization of all the resources of the country, both persons and materials. I can see some difficulties in the application of the principle, for it is the payment of a higher price that stimulates an increased production, but whenever it can be done without economic dislocation such limits ought to be established in time of war as would prevent, so far as possible, all kinds of profiteering. There is little defense which can be made of a system which puts some men in the ranks on very small pay and leaves others undisturbed to reap very large profits. Even the income tax, which recaptured for the benefit of the National Treasury alone about 75 per cent of such profits, while local governments took part of the remainder, is not a complete answer. The laying of taxes is, of course, in itself a conscription of whatever is necessary of the wealth of the country for national defense, but taxation does not meet the full requirements of the situation. In the advent of war, power should be lodged somewhere for the stabilization of prices as far as that might be possible in justice to the country and its defenders.

Mr. Speaker, as this proposed statute has been promised by the two great political parties that control the Government of the United States, as it has been indorsed by the greatest citizens of this country, as it has been indorsed by the American Legion and other organizations, whose members actually fought the World War; as it has been pledged by an overwhelming majority of the membership of this House, as it is advocated by the patriotic, intelligent citizenship of this country and because it is everlastingly right, just, and equitable, I now invoke the most drastic rule of this body, clause 4 of rule 27, to force its consideration and file with the Clerk of the House a motion to instruct the Committee on Military Affairs of this body to report H. R. 8313.

If 218 of the nearly 300 Members of this body pledged to the support of this bill will sign this motion we will get action. The motion is now upon the Clerk's desk for signature and can be signed from this moment. Personally, I believe that when a majority of the Members of this body sign this motion the fight is won without invoking the legislative machinery provided under the rule, because I firmly believe the Speaker of this House is always responsive to its real wishes and will at the proper time recognize me to suspend the rules and pass the bill. Whatever he may do, the bill will become a law before the close of the session. The motion which I have filed is as follows:

(Seventieth Congress. No. 2)

HOUSE OF REPRESENTATIVES,
April 3, 1928.

Motion to instruct a committee from the consideration of a bill

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of Rule XXVII (see rule on last page), I, ROYAL C. JOHNSON, move to instruct the Committee on Military Affairs to report the bill H. R. 8313, entitled "A bill to provide further for the national security and defense," which was referred to said committee January 4, 1928, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1.
2.
3.
4. (Space for signatures of Members—218 required)
5.
6.

This, Mr. Speaker, will, 11 years from the time we declared war on the Imperial German Government, establish the rule that, in event of another war, our country, its industries and its men will render equal service and, Members of the House, I hope that now those of you who believe in this measure will sign this motion that will enact the law. [Applause.]

Mr. MORIN. Mr. Speaker, I ask unanimous consent that a member of the Committee on Military Affairs, Mr. MCSWAIN, of South Carolina, be permitted to address the House for 10 minutes on this subject.

The SPEAKER. At this point?

Mr. MORIN. Yes.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the gentleman from South Carolina [Mr. MCSWAIN] may be permitted to address the House for 10 minutes. Is there objection?

There was no objection.

Mr. MORIN. Mr. Speaker, the gentleman from South Carolina has yielded one minute to me before he begins his remarks.

Mr. O'CONNOR of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. O'CONNOR of New York. Can that be done under the special permission granted?

The SPEAKER. It can be done by unanimous consent.

Mr. MORIN. Mr. Speaker, I ask unanimous consent that I may be permitted to address the House for one minute.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that he may now address the House for one minute. Is there objection?

There was no objection.

Mr. MORIN. Mr. Speaker and gentlemen of the House, this morning my attention was called to the fact that the gentleman from South Dakota [Mr. JOHNSON] was going to address the House on this subject. I had an examination made of the jacket containing the bills referred to that were introduced in the House; I have had the files of my office searched and I have failed to find a formal request made by either Mr. JOHNSON or any other Member of the House for a hearing on this bill.

This is a very important measure, in which the members of the committee are interested, and I will submit to the Members of this House the fact that it is one upon which there should be very exhaustive hearings before it is reported to this House. There are 11 ex-service men on that committee, all interested in this legislation. I have canvassed the committee and I have failed to find one member of the committee who says that he has ever been approached on this subject or requested to have a hearing. Now, having submitted that information to the House, I yield the balance of my time to the gentleman from South Carolina [Mr. MCSWAIN]. [Applause.]

Mr. MCSWAIN. Mr. Speaker, ladies and gentlemen, I am immensely surprised that the distinguished gentleman and gallant former soldier from South Dakota should proceed in this manner to bring to the attention of this House the bills that he now has pending before this committee. You have just been assured by the chairman of this committee that the gentleman from South Dakota has never asked for a hearing before the Committee on Military Affairs. The gentleman from South Dakota has not only one bill before that committee but he has three bills. On the 5th of December, 1927, the gentleman introduced House bill 455; on the 4th day of January, 1928, he introduced House bill 8313; and evidently within about 30 minutes thereafter, and forgetting that he had already introduced two bills on the same subject, January 4, 1928, he introduced House bill 8329, so that he has introduced three bills—every one identical, line for line and comma for comma, on the same subject. Yet he has never set his foot in the committee room nor spoken to a member of the committee that I know about asking for a hearing. [Applause.]

Mr. JAMES. Will the gentleman yield?

Mr. MCSWAIN. Yes.

Mr. JAMES. And that not only applies to this session but applies to the last session?

Mr. MCSWAIN. Yes.

The gentleman's position and his procedure here shall not alienate me from my loyalty and my devotion to the general principle that he invoked. It is a difference between the gentleman and me as to the method by which we will proceed to accomplish that which in the hearts of all just men ought some time to be accomplished. [Applause.] Very soon after the gentleman introduced his first bill in 1922 I introduced a joint resolution in the Sixty-seventh Congress, in December, 1922, asking for the creation of a commission composed of Members of both the House and the Senate and of civilians, and I reintroduced the same resolution in the Sixty-eighth Congress. Upon this resolution, along with a bill that the gentleman from South Dakota [Mr. JOHNSON] was the author of, and along with a bill that the gentleman from Idaho [Mr. FRENCH] and some others had introduced to the same effect, hearings were held upon all the bills collectively, and here are the hearings, consisting of 250 pages, and the quotations that the gentleman reads as to the opinion of George Washington about profiteers, and as to the profiteering during the Civil War and during the Spanish-American War, were all culled out of these hearings that were compiled by me in the Committee on Military Affairs at that time.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. MCSWAIN. Yes.

Mr. O'CONNOR of New York. And did not the gentleman who is speaking also introduce a resolution which was referred to the Rules Committee, and did not the gentleman ask for a hearing and receive one from that committee?

Mr. MCSWAIN. I did; yes. That resolution was introduced by me in the Sixty-eighth Congress, was reported favorably by the Committee on Military Affairs, and, pressing the matter, I appeared before the Rules Committee and the Rules Committee gave us a rule, but they did not give it until the very last day of the session, and when the gentleman from New York, who was then chairman of the Rules Committee, brought the matter

up, the gentleman from Alabama [Mr. HUDDLESTON] interposed very earnest and vigorous objection, and the gentleman from New York, the chairman of the Rules Committee, withdrew the resolution from consideration by the House at that time in view of the fact that the time of the House was very limited before its adjournment on that very day, having been assured, as he said, that there would be no controversy about it.

Now, gentlemen, by what devious route does the gentleman from South Dakota propose to bring this matter before the House? There was an adequate and efficient discharge rule that was on the books of this House in the Sixty-eighth Congress, and the gentleman from South Dakota voted to repeal that rule, in effect, by voting for the present rule. He voted to establish here a rule of this body by which if 218 Members signed a petition, and then if you have tellers on two separate days, the matter then comes up for consideration in the committee, and then if the committee holds it for 15 days and does not report, it is put on the calendar for consideration. We will have adjourned before he could ever get his bill up in the House.

Gentlemen, this is too important a matter, is a matter involving too vital consequences to the life of the Nation to be passed upon in any half-considered way. There must be hearings and patient study and consideration.

It requires, I submit—and I have studied the matter with great care and patience and deliberation—the counsel and the advice of men of widest experience and deepest knowledge in order that we may not make some mistake of that which we propose to do in the interest of the national life.

I want to repeat, gentlemen, I have not only sought to show my faith by my works in the matter, but I have spoken in behalf of the general principle before the national convention of the women standing for adequate defense, including the Daughters of the American Revolution, and also advocated this principle before the Interparliamentary Union at Geneva, Switzerland, in the year 1924, and have repeatedly addressed the House and extended my remarks in the RECORD in advocacy of this general principle.

Mr. TILSON. Will the gentleman yield?

Mr. McSWAIN. Certainly.

Mr. TILSON. Does not the gentleman think that his committee ought to consider this matter and bring it before the House rather than to have it brought before the House in any other way?

Mr. McSWAIN. Certainly.

Mr. TILSON. In other words, should not the matter be brought before the House by the committee having jurisdiction to hear and consider it and not by a discharge rule?

Mr. McSWAIN. Yes; exactly.

Mr. REECE. Will the gentleman yield?

Mr. McSWAIN. In one moment. I want to say to the distinguished majority leader, who is to-day 62 years old but is as vigorous as a youth of 50 [applause], that this committee has over 1,000 bills before it, and we have been busy not only during the day but part of the night working on them; and we have been too busy to take up bills of Members who have not asked for a hearing; but if the gentleman from South Dakota will come before the committee I will guarantee—and I have already the authority of the committee to say so—that he will have a hearing and all the hearings he wants. [Applause.]

I now yield to the gentleman from Tennessee.

Mr. REECE. There has been no disposition on the part of the committee or any member of the committee to delay the consideration of this matter, has there?

Mr. McSWAIN. Absolutely none; and I will guarantee that the committee will sit up at night in order to give a hearing; and I am in favor of it, just like the gentleman from Iowa [Mr. RAMSEYER.] The gentleman from Iowa and I have worked together and have deliberated about this matter for years. He knows my heart and I know his, and I know and he knows that this is a matter of the deepest importance and requires the most careful and painstaking consideration.

Mr. JAMES. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. JAMES. Does the gentleman know of a single Member of Congress who has a private bill or a public bill that has ever been denied a hearing by our committee?

Mr. McSWAIN. Absolutely none. If any Member of this House can say that he has ever appeared before the committee or before any member of the committee and asked for a hearing before a subcommittee or before the full committee on any subject and not received it with respect to any of the 1,000 bills before the committee, then I would like for him to rise now and let it be known, because I would like for the House to know that our committee is a working committee which works all day and sometimes late in the night.

I want to assure my distinguished friend from South Dakota that if he will come before the committee we will hear him on all three of his bills, and he would be only killing his own proposition to handle it in the way he now proposes.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. McSWAIN. Certainly.

Mr. JOHNSON of South Dakota. I want to state to the gentleman the reason there happened to be more than one bill introduced was because when I was in the hospital and had not been sworn in the bill was sent over here, and therefore I had to reintroduce it, and without entering into any joint debate with the gentleman, I may say that I first introduced this bill in 1922, and the gentleman can talk about hearings all he wants to, but we do not get anywhere with hearings.

Mr. McSWAIN. Of course, the committee has had this matter before it since 1922. The committee held the hearings which I conducted, and the gentleman has never been before the committee asking for a hearing. If we have had time, the gentleman has had time. If we have had four years, he has had four years. Time for us is time for him.

The SPEAKER. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent that I may address the House for five minutes. I do not want to get into this controversy, but I do not want to let go unchallenged the statement of the gentleman from South Dakota in the beginning of his speech made a while ago.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to address the House for five minutes. Is there objection?

Mr. SNELL. Reserving the right to object, we want to get started with the rubber bill assigned for to-day. If I do not object at this time, I hope there will be no further request.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Speaker, I was one of the Members here 11 years ago, and I regret that I have to rise to note a protest against the inference which would be drawn if unchallenged by the statement of the gentleman from South Dakota that all we got out of the war was $25,000,000,000 expense, 50,000 men gone, and a great many fraudulent claims prosecuted against the Government, and so on.

It strikes me that the inference would be made that we fought for nothing. Now, I am going to read a very brief part of the message which called this Congress to action on that proposition:

> But armed neutrality, it now appears, is impracticable. Because submarines are in effect outlaws when used as the German submarines have been used against merchant shipping, it is impossible to defend ships against their attack, as the law of nations has assumed that merchantmen would defend themselves against privateers or cruisers, visible craft giving chase upon the open sea. It is common prudence in such circumstances, grim necessity, indeed, to endeavor to destroy them before they have shown their own intention. They must be dealt with upon sight, if dealt with at all. The German Government denies the right of neutrals to use arms at all within the areas of the sea which it has proscribed, even in the defense of rights which no modern publicist has ever before questioned their right to defend. The intimation is conveyed that the armed guards which we have placed on our merchant ships will be treated as beyond the pale of law and subject to be dealt with as pirates would be. Armed neutrality is ineffectual at best; in such circumstances and in the face of such pretensions it is worse than ineffectual; it is likely only to produce what it was meant to prevent; it is practically certain to draw us into the war with neither the rights nor the effectiveness of belligerents. There is one choice we can not make, we are incapable of making; we will not choose the path of submission [applause] and suffer the most sacred rights of our Nation and our people to be ignored or violated. The wrongs against which we now array ourselves are no common wrong; they cut at the very roots of human life.

I am sure gentlemen will remember that when that came from the lips of the President, after enumerating many outrages on our rights that the audience led by the Chief Justice and members of the Supreme Court rose in a mass and the applause almost shook the House because they determined that submission was something incompatible with the history and traditions of the American people, and that they would not stop at any expenditure of men or money to maintain the rights that have been established more than 140 years before, which to-day we are ready to maintain, and we do not propose to apologize for having gone into the war regardless of anything said by the gentleman from South Dakota. [Applause.]

LETTER OF RESIGNATION

The SPEAKER laid before the House the following letter.

The Clerk read as follows:

Hon. NICHOLAS LONGWORTH,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: I regret that I can not attend the unveiling exercises of the statue of Gen. Robert E. Lee on Stone Mountain April 9, and respectfully request that some other Member of Congress be appointed in my place to attend these exercises.

Respectfully yours,

L. J. STEELE.

The SPEAKER. The Chair will appoint the gentleman from Georgia, Mr. CRISP, in place of Mr. STEELE.

Under the special order the gentleman from Michigan [Mr. HUDSON] is recognized for 20 minutes.

Mr. HUDSON. Mr. Speaker, I ask leave to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Michigan asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. LINTHICUM. Mr. Speaker, I object for the present. I think it is a wrong principle to get leave to extend remarks before the remarks are made and before we know what the speech is about. I object for the present.

POISON IN DENATURED ALCOHOL

Mr. HUDSON. Mr. Speaker, the speech of the gentleman from New York [Mr. SIROVICH], on Friday, March 2, 1928, seems to call for certain corrections, that the facts concerning the use of denaturants by the Government and their effect may be set forth. In making this address to-day I have asked the assistance of Dr. Harrison E. Howe, editor in chief of Industrial and Engineering Chemistry, published by the American Chemical Society at Washington, D. C. Doctor Howe is recognized throughout the world as one of our foremost chemist scholars, and I have taken the liberty to quote him in my address this morning in several instances.

The gentleman from New York said his object was the discussion of poison alcohol, and stated that the dictates of humanity demanded that our Government cease at once the putting of poison into denatured alcohol, which he stated was destroying the lives of thousands of our human beings.

There should be no difference of opinion concerning the fundamental principles enunciated by the gentleman from New York [Mr. SIROVICH], namely, that a beverage should not be deliberately poisoned. However, he loses sight of the fact that denatured alcohol without criminal manipulation is not potable; that we do not poison but effectively denature alcohol for industrial uses; and that while there is continued serious effort to find a satisfactory denaturant, nontoxic in character, after all what is most needed is more effective policing to the end that those who endeavor to remove all warning signs from denatured alcohol may be apprehended and their criminal practices stopped.

In discussing this subject the gentleman from New York fell into a number of errors, indicating that while he may be entirely competent as a physician he has not been careful to inform himself fully with respect to the chemistry involved, nor even the history on the subject of denaturants and of industrial alcohol.

A denaturant to be acceptable must give a warning by taste or odor of its presence, must be extremely difficult if not impossible to separate from the alcohol, and must be of such a nature that it will not interfere with the industrial processes where alcohol is essential as a raw material. Industrial alcohol was legalized long before the eighteenth amendment was passed, and is used to-day in great quantities in several foreign countries where prohibition is not an issue. As the gentleman from New York points out, industrial alcohol was legalized to enable the use of this important solvent and chemical raw material in great quantities without the payment of the excise tax. That condition still obtains in most foreign countries, and even there where potable liquors can be legally purchased, the temptation to consume the denatured alcohol, manipulated to render it potable, presents a problem closely akin to that which confronts the United States.

This problem of finding a nontoxic denaturant acceptable in all other respects has engaged the attention of some of the test chemists in France, Germany, Great Britain, and the United States for periods of from 20 to 50 years. A considerable list of materials which would cause the drinker to become deathly sick but suffer no permanent injury can be named, but the ease with which nearly all of them can be removed from denatured alcohol indicates their unsuitability as denaturants. The past few months have seen difficulties in the iodine market, because bootleggers have fastened upon the tincture of iodine as a material to be diverted. The tincture of iodine has been purchased in large quantities and the iodine precipitated out in the form of zinc iodide by chemical means. Legitimate industry has been embarrassed by the large quantity of this by-product, zinc iodide, that has been offered, and regulations have had to be perfected to protect this household germicide and disinfectant from the attacks of the bootlegging fraternity.

No one deliberately poisons alcohol. It is simply an unfortunate fact that those chemical compounds which meet the specifications for a satisfactory denaturant are toxic materials. Let us examine the facts with respect to those denaturants suggested by the gentleman from New York, remembering that the chemists employed by the bootleggers are not the half-baked variety which he describes, but in many cases men of real scientific attainments. In passing, it should also be noted that the gentleman from New York is in error when he describes 99 per cent alcohol, absolute alcohol, ethyl alcohol, and grain alcohol as being synonymous terms. Ethyl alcohol, as regularly produced from either molasses or corn—and by far the greatest amount is from molasses—is about 95 per cent, the remaining 5 per cent being largely water. This is known as grain alcohol or ethyl alcohol and does not become absolute ethyl alcohol until all the moisture has been removed. The percentage approaches very close to 100, and this product is known either as absolute ethyl alcohol or anhydrous ethyl alcohol. A few years ago this sold for $5 a gallon, tax free, to educational institutions, but new methods for removing materials other than ethyl alcohol have made it possible to produce it in larger quantities at very much lower prices. Quoting Doctor Howe, as to denaturants used by the Government:

Bichloride of mercury is mentioned in the address by Congressman SIROVICH. This has never been used as a denaturant for industrial alcohol. Prior to May, 1924, wholesale or retail druggists were permitted to medicate alcohol with bichloride of mercury, and it could then be purchased for sterilization purposes. Such medicated alcohol was sometimes used for rubbing purposes, but when regulations No. 60, now known as No. 2, were revised in May, 1924, this formula was eliminated because at times there had been serious irritation of the skin where such medicated alcohol had been used for rubbing. No reports of any deaths caused by drinking this alcohol have been made and it is now almost four years since bichloride of mercury could be used for medicated alcohol, not industrial alcohol, and it was only obtainable in a drug store.

Formaldehyde and carbolic acid or phenol, to use the chemical term, have been authorized as denaturants for a few specially denatured alcohol formulas which are used in manufacturing antiseptics and sterilizing solutions, mouth washes, dentifrices, embalming fluid, and lotions for external purposes. These two chemicals are authorized because they are found in the preparations enumerated above as part of the medicinal ingredients of the finished products. These chemicals were found in preparations made with nonbeverage tax-paid alcohol and were so used for their medicinal properties long before denatured alcohol or the eighteenth amendment became realities. It may be well to call attention to the fact that alcohol is an antidote for carbolic acid.

Very large quantities of benzene or benzol have been used for denaturing alcohol because the chemical industries requested it. Specially denatured alcohol No. 2-B containing one-half per cent of benzol has been used to dehydrate nitrocellulose and for the manufacture of ethyl acetate. Alcohol denatured with benzol has been used extensively in the imitation leather and lacquer industries, but specially denatured alcohol formulas containing benzol are gradually being withdrawn because benzol can be easily removed from the alcohol. A recent Treasury decision withdrew the benzol formulas from lacquers and another is now being prepared to withdraw the same formulas from the imitation leather industry solely because of the ease with which this denaturant can be removed. Specially denatured alcohol formulas containing benzol are now authorized only for the manufacture of ethyl acetate and other chemicals where it would be impractical to use alcohol denatured with any other substance. This is one of the cases where the fact that pure chemicals or drugs can not be made from alcohol unless the alcohol is denatured with some compound that will not take part in the chemical reactions involved, and thus become a part of the finished product, is a ruling factor.

Brucine sulphate is also indicated in Mr. SIROVICH'S speech. This is authorized in formula No. 40 for toilet preparations. The leading medical authorities now agree that brucine sulphate is practically nontoxic and its former reputation has been shown to be due to inefficient purification, sometimes leaving traces of strychnine in the preparation. The specifications for this denaturant now require that it be free of strychnine, and although it has been used as a denaturant for a number of years no reports are found showing that it has injured anyone.

Malachite green is suggested by the Congressman as a successful denaturant, but unfortunately it can not be accepted as such. Malachite

green is a well-known dyestuff, but it is nonvolatile and would remain behind on the redistillation of the alcohol. Its removal is even more simple, inasmuch as absorptive carbon would be effective in eliminating it.

Now we come to pyridine and diethyl phthalate, which Mr. SIROVICH believes he has independently discovered for the benefit of the chemical industry. Pyridine was one of the first denaturants authorized after the act of June, 1906, and several million gallons have been used since that time. It is, then, not the new denaturant Mr. SIROVICH would have you believe but one of nearly 22 years' standing, and but lately dropped from the list of denaturants because it has been shown that it can be easily removed by ordinary distillation in the presence of an acid. It is therefore no longer authorized, except for specially denatured alcohol No. 6–B, used for the manufacture of chemicals. Many believe pyridine to be more toxic than any of the denaturants mentioned above, with the exception of bichloride of mercury and carbolic acid. While pyridine is still used in England and the British possessions, a substitute is desired, for there, too, they find that alcohol denatured with it is too easily diverted.

As for diethyl phthalate, its use was authorized several years ago, and alcohol denatured with it is being extensively used in the manufacture of toilet preparations. Unfortunately, this denaturant is also easily removed from alcohol by simple distillation, and it is believed that more alcohol has been diverted to beverage purposes from the legitimate industry when denatured with pyridine and diethyl phthalate than any other denatured alcohol formulas.

Attention should be called to the constructive efforts of the chemists of the Prohibition Unit and the cooperation which they obtain from their fellow chemists in industry in an effort to improve the denatured industrial alcohol situation. Reference is made to the use of aldehol, for example, this being a product of the oxidation of kerosene used in conjunction with methyl alcohol, and proving itself an efficient reagent in that it complicates decidedly the work of removing methanol or wood alcohol from the denatured material. Notwithstanding the extensive work in all countries on denaturants, methyl or wood alcohol continues to be one of the best, if not the most satisfactory, especially when used in a proportion of 10 per cent or more by volume. Larger percentages are used by other countries than by the United States, and with the increase in percentage it becomes necessary to employ more extensive and costly and complicated equipment and to operate it on a large scale if the bootlegger would clean it out of the finished article, if indeed this could be accomplished. Detection is, therefore, made easier and loss greater in case of confiscation, so that the bootlegging industry becomes far less attractive.

Furthermore, pure ethyl alcohol is not available on a tax-free basis for the arts and industries, and even if relieved of the tax would not be acceptable in lieu of denatured alcohol for two principal reasons. First, the regulations controlling the transportation, storage, and use of such alcohol would involve great burdens and extraordinary risks to the industry; and, secondly, in certain lines of trade such as the shellac varnishes, mixtures of ethyl and methyl alcohol constitute preferable solvents.

Now in discussing "violent poisons," which are said to be added to alcohol by the Government, the gentleman from New York [Mr. SIROVICH] takes no account of the toxicity of ethyl alcohol or grain alcohol, which is that member of the large family of alcohols which those who insist on liquors wish to drink. Our leading pharmacologists—Reid Hunt, A. S. Loevenhart, and others—are of the opinion that a single large dose of a mixture containing 4 parts of wood alcohol and 96 parts of grain alcohol would cause harm principally on account of the grain alcohol. Pure grain or ethyl alcohol alone is quite poisonous and death frequently results from an overdose, especially if the individual is drinking a preparation stronger than that to which he is accustomed. Wood alcohol is undoubtedly toxic, but a careful examination of the statements by such men as Hermann C. Lythgoe, director of the division of food and drugs, department of public health, Boston, and Louis I. Harris, commissioner of health in New York City, clearly indicates that in an overwhelming number of cases of death due to alcoholism the great majority are due to an overdose of just straight ethyl alcohol rather than the presence of any of the denaturants used in industrial alcohol. Thus, Commissioner Harris states that in addition to the 750 deaths reported as due to alcoholism, there were also reported during 1926, 7 deaths in which wood alcohol was specifically mentioned as the cause of death; also that an inquiry of the chief hospitals in the city of New York as to the number of clinical cases of alcoholism which they had had under their care in the period from December 24, 1926, to January 4, 1927, disclosed that there were 337 cases of alcoholism then under care with only one attributable to wood-alcohol poisoning. These reports could be extended and many statistics quoted, but they all bear out this same fact.

I wish at this time to call your attention to two extracts from the March 22, 1928, issue of the New England Journal of Medicine, the official organ of the Massachusetts Medical Society.

Dr. Reid Hunt, professor of pharmacology, Harvard Medical School, writing on the subject of "An examination of the toxicity of 100 samples of illicit liquor," said:

The only poisonous substance of significance found in these samples was ethyl alcohol and the toxicity of the various samples was closely parallel to the ethyl alcohol content. Although much has been said and written recently on the alleged great toxicity of much of the illicit liquor now being sold, I know of no analyses or experiments indicating the presence of substances distinctly more toxic than ethyl alcohol and present in sufficient amounts to have a distinct effect. * * * Deaths are, of course, constantly occurring from the consumption of illicit liquor but very rarely has any evidence been offered that they were not due entirely to the ethyl alcohol. A fact frequently overlooked is that a person deeply intoxicated is near death and that a dose of alcohol slightly greater than that necessary to cause profound intoxication is a fatal dose. This condition may be realized when a liquor of unusually high alcohol content is consumed in the same quantities as if it contained the more usual percentage of alcohol. Three instances apparently of this character have been brought to my attention; death was attributed to "poison whisky" but the "whisky" in question contained, in two cases, over 60 per cent of ethyl alcohol and in the third case 80 per cent of ethyl alcohol, and no other poison was found. * * * The problem seems to be still primarily a question of ethyl alcohol, rather than one of "good" or "bad" alcohol. In other words, it is not the so-called "bad bootleg liquor" but the reputed "good grain alcohol" which causes acute poisoning and death; this is the case with both the illicit and the "medicinal" whisky.

Dr. George H. Bigelow, commissioner of public health of Massachusetts, addressing himself to the question "Are 'alcohol deaths' due to alcohol?", had the following to say:

The results of chemical and pharmacological examination suggests that as far as Massachusetts is concerned such factors as wood alcohol, methanol, furfural, and other extraneous substances have been very much exaggerated, and what is killing people now who die of alcoholism is what killed them back in the days of the high alcoholic death rates of 1916 and 1917 and before, namely, ethyl alcohol, "grain" alcohol, or "good pure" alcohol. * * * Ethyl alcohol, then, is, has been, and always will be a poison which can not be tolerated by the body in excess, and in the vast majority of cases "alcohol deaths" in Massachusetts are apparently due to excessive use of "good pure alcohol."

Also a letter from Doctor Doran:

USE OF POISON IN DENATURED ALCOHOL

TREASURY DEPARTMENT,
BUREAU OF PROHIBITION,
Washington, March 3, 1928.

Hon. GRANT M. HUDSON,
House of Representatives.

MY DEAR CONGRESSMAN: In looking over the CONGRESSIONAL RECORD of March 2, particularly the remarks of Congressman SIROVICH with respect to the denaturing of alcohol, I would say that, while there is practically nothing new in his statement that was not fully covered in the last session of Congress and printed in Senate Document No. 195, Sixty-ninth Congress, second session, some emphasis was placed on the use of pyridine. We eliminated pyridine in November, 1926, to take final effect April 1, 1927, for the reason that it was being readily deodorized and to a large extent removed by the simple addition of sufficient sulphuric acid to neutralize the pyridine and subsequent distillation. It is one of the weakest denaturants heretofore employed on account of this comparative ease of removal by deodorization and partial removal by distillation. Pyridine is commercially made in Germany, but was heretofore sold to the United States through a London syndicate which absolutely controlled quantity and prices. So far as this bureau is concerned, we consider oil compounds more effective as denaturants and less easy to remove. They are not considered toxic.

Very sincerely yours,

J. M. DORAN,
Commissioner of Prohibition.

In his remarks, which are set forth on pages 3202 to 3207 of the RECORD of February 17, Representative CRAMTON quoted at some length from the address delivered at New Orleans before the Federal and State Law Enforcement League by Capt. James P. McGovern, general counsel of the Industrial Alcohol Manufacturers' Association and Washington attorney for the National Paint, Oil, & Varnish Association, from which the following paragraph is taken:

As a striking illustration of the difficulties under which reputable merchants are compelled to market their products under prohibition

enforcement conditions let us take the case of the 40-year-old solidified fuel known as Sterno Canned Heat. We are all familiar with that commodity in its self-contained tins ready for burning in the home, camp, nursery, hospital, sick room, laboratory, and other places where an emergency fuel is required. It proved of inestimable value in the districts devastated by the Florida hurricane, your own Mississippi flood, and other disasters where an emergency fuel was sorely needed. It is manufactured under a formula approved pursuant to the provisions of the Volstead Act, calling for five parts of wood alcohol and a percentage of pyridine, kerosene, and solidifying chemicals which make the finished commodity—in the opinion of Commissioner Doran the most unfit substance for beverage purposes that could possibly be conceived; and yet we find intelligent people demanding that the sale of such an essential article of everyday life be stopped or subjected to prohibitive conditions because there are degenerates who unlawfully manipulate the product and extract therefrom a liquid which they take into their stomachs, with what results only hospital and morgue records can tell! Isn't that actually glorifying degeneracy, and does not the whole situation merely call for better enforcement of the adequate United States laws on the subject, which provide severe punishment for any person who sells or uses alcoholic preparations for illegal purposes? Surely law-abiding business men are entitled to your sympathetic support, instead of being harassed on all sides in their lawful pursuits.

On March 28 Commissioner Doran received an inquiry from Mr. Chalmers Potter, of Messrs. Green, Green & Potter, Jackson, Miss., as to the denaturants used in the manufacture of Sterno Canned Heat, and whether the Federal laws were adequate to punish any person who unlawfully extracted a liquid from the product and diverted it to beverage purposes. The commissioner sent to him, under date of the 29th ultimo, the following telegram:

[Treasury Department telegram]

CHALMERS POTTER, OF GREEN, GREEN & POTTER,
Merchants Bank Building, Jackson, Miss.:

Replying yours 28th, Sterno Canned Heat is a solidified fuel manufactured pursuant to formula approved and permit issued under provisions of national prohibition act. Revised formula voluntarily perfected by company recently and approved by this omice shows that it contains 5 per cent of denaturing grade wood alcohol and other ingredients including pyridine and kerosene with nitrocellulose as the solidifying substance. Any liquid which might be unlawfully obtained therefrom would still contain such wood alcohol, pyridine, kerosene, etc., and could not be called a beverage or be classified among intoxicating liquors. Federal laws now provide penalties for diversion by any method of this or any other lawful alcoholic product to beverage purposes.

J. M. DORAN,
Commissioner of Prohibition.

This is a most illuminating instance of cooperation between legitimate industry and the Government in making lawful alcoholic commodities totally unfit for beverage purposes and the fact that if the Federal laws are strictly observed and enforced, innocent people will not be harmed; and that those who deliberately manipulate and misuse such commodities are liable to severe penalties thereunder. Furthermore, section 4, Title II, of the national prohibition act provides that any person who shall knowingly sell any articles, such as denatured alcohol, medicines, toilet preparation, flavoring extracts, or other lawful alcoholic compounds "under circumstances from which the seller might reasonably deduce the intention of the purchaser to use them for," beverage purposes, shall be subject to the penalties provided in section 29 of that title.

The formula prescribed by the Bureau of Prohibition for the production of solidified fuels such as Sterno Canned Heat is identical with that required in the production of paints, varnishes, lacquers, polishes, automobile radiation solutions, inks, dyes, and innumerable other items of everyday commerce.

Special reference is made to Exhibit B on page 133 of Senate Document No. 195 of January 11, 1927. The major portion of this document is a letter from the Secretary of the Treasury, transmitting information in response to Senate Resolution 311, and the exhibit to which special reference is made is the report on the use of denaturants in industrial alcohol. This report was signed by J. M. Doran, then head of the industrial alcohol and chemical division, and a man who has had years of specialized experience in this field. His unique experience before being elevated to the office of Commissioner of Prohibition is a major factor in the success which has so far met his efforts in his present office. Anyone interested in the subject of denatured alcohol must read this report if he makes any claim to being informed.

WASHINGTON, D. C., *April 3, 1928.*

Hon. GRANT M. HUDSON,
House Office Building, Washington, D. C.

DEAR CONGRESSMAN: In the event that Representative SIROVICH or his following should refer to an article in yesterday's New York Times (perhaps carried in other papers) of eight so-called "poison-liquor" cases, you can counter with the unequivocal statement that Dr. F. Fagan, head of the psychopathic ward, Bellevue Hospital, New York City, reports that in none of them was wood alcohol a factor and that the symptoms were those of ordinary alcoholism, and, he adds, he has not had a case of wood-alcohol poisoning for several years. But one of the patients in the group died and Dr. Alexander Gettler, toxicologist in the office of the medical examiner, New York City, states that the autopsy did not show the presence of wood alcohol but merely indicated death from alcoholism.

The above information came to me over the telephone after writing you this morning. It is being sent to you simply to prepare you should the specific publicity in question be mentioned during the course of your remarks.

Sincerely yours,

JAMES P. MCGOVERN.

WHAT CENSUS BUREAU FINDS

We know of only two compilations of figures that give a picture of the country as a whole. One is by the Census Bureau at Washington, the other by the Metropolitan Life Insurance Co. An extract from the Census Bureau report on deaths and death rates per 100,000 estimated population, in the registration area, registration States, and each State, from wood or denatured alcohol shows the following:

	1925	1924	1923	1922	1921
Number of deaths	182	180	143	201	194
Rate per 100,000	0.2	0.2	0.1	0.2	0.2

States showing 10 or more deaths in 1925 are the following:

	1925	1924	1923	1922	1921
California	17	14	14	12	6
Rate	0.4	0.4	0.4	0.3	0.2
New Jersey	10	6	10	34	11
Rate	0.3	0.2	0.3	1.0	0.3
New York	16	26	12	25	22
Rate	0.1	0.2	0.1	0.2	0.2
Ohio	12	30	11	8	15
Rate	0.2	0.5	0.2	0.1	0.3
Pennsylvania	15	7	8	16	12
Rate	0.2	0.1	0.1	0.2	0.1

In evaluating these figures we must again bear in mind that some of these deaths were due to drinking pure methanol. For example, the New York figures will show an enormous increase for 1926. In the summer of that year over 20 deaths were caused in Buffalo as a result of one batch of bootleg liquor, traced back to a shipment of German synthetic methanol. Of course this has no connection with denatured alcohol. Likewise, a few weeks ago three men died in Jersey City as the result of a drinking bout. Analysis of the liquor found showed pure methanol.

Only a few weeks ago the American Chemical Society heard the following from the chairman of its industrial alcohol committee:

"An ignorant belief that denatured alcohol without added poison would be a beverage, and that poison is added by the Government to make its use as a beverage dangerous; the vote-attracting possibilities of any measure that is aimed to protect the 'innocent' drinker of denatured alcohol or of illicit drinks made from it; and the vague hope that such agitation may result in changes that will make the bootlegger's work easier and the drinker's supply more plentiful and safer.

"No matter what the cause of this agitation may be we must not lose sight of the fact that denatured alcohol is unmistakably unfit for beverage purposes when sold, and that if criminals improve the taste and odor so that it appears to be potable without removing any possible poisonous character the guilt is theirs.

"The primary reason for denaturing alcohol is not to poison it but to render it unmistakably nonpotable, and the Government must insist on denaturants that are hard to remove in all denatured alcohols that are readily procurable and permitted to be used without stringent regulation."

We have purposely refrained from discussing the ethical aspects of "poison liquor." It is the business of health officers to consider all serious health hazards, regardless of the question as to whether the victim suffers as the result of a deliberately lawless act on the part of himself or others. Nevertheless we can not refrain from closing with the following sentence from the Journal of the American Medical Association (January 15, 1927):

"The records do not reveal a single human death from denatured alcohol when used in automobile radiators."

Opinions will differ as to what attitude should be taken in the case of a man who disregards the poison label on denatured alcohol and proceeds to indulge his appetite, unmindful of the caution placed there for his protection and of the odors and tastes provided as a further warning. Even those who are

illiterate have no difficulty in interpreting the meaning of the skull and crossbones, for this insignia on a package conveys its warning in every language.

Opinions may also differ as to whether legitimate industry requiring alcohol as a raw material for the manufacture of many things which we all use should be compelled to take the risk of great fines and terms of imprisonment in case mildly denatured alcohol is diverted by a dishonest employee, or whether we shall adhere to the principle of supplying industry with what it can use, protecting this supply with a denaturant impossible to remove, yet not objectionable to the industrial process, regardless of whether it is toxic or not. It is clear, however, that industrial alcohol can not find its way into beverage uses unless criminally manipulated and unless all the warnings put there to safeguard the public are disregarded and more or less completely removed. There can be no difference of opinion as to the conscientious efforts of chemists in and outside the Government employ to obtain a denaturant that will at the same time protect the supply of industrial alcohol and cause no injury to that exceedingly small percentage of the population which insists upon the gratification of an appetite at all costs. The problem of denaturing industrial alcohol can be solved not through the attacks of inadequately informed though well-meaning persons, but by constructive, scientific contributions.

Mr. Speaker, I now ask unanimous consent of the gentleman from Maryland to extend my remarks in the RECORD.

The SPEAKER pro tempore (Mr. ACKERMAN). The gentleman from Michigan asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. LINTHICUM. The gentleman from Maryland will allow the gentleman from Michigan to extend anything he pleases. [Laughter.]

The SPEAKER pro tempore. Is there objection?

There was no objection.

COMPENSATION OF CERTAIN UNITED STATES GOVERNMENT EMPLOYEES

Mr. WOODRUM. Mr. Speaker and gentlemen of the House, on the 19th of March the Civil Service Committee of the House began hearings on what is known as the Welch bill (H. R. 6518). Probably no piece of legislation considered by the House at this session has evoked more general interest among the Members of the House as well as the public at large.

On that day our committee was visited by a delegation of employees of the Federal Government, some 2,000, asking that Congress consider the question of an increase in their pay. Lengthy hearings have been had by the Civil Service Committee on the subject. Much useful information upon the subject of salaries and wages in private industry and the Federal service has been presented to our committee. No executive session has been had on the bill as yet, therefore I do not feel that I am in any way violating the rules of the House or my duty as a member of the committee when I bring the matter on the floor for discussion. My reason for doing this is because something like 200 Members of the House appeared either personally before the Civil Service Committee or were there by proxy to signify their approval and support of the Welch bill. Without in any way meaning to reflect upon the view of any Member, I have an idea that very few of the Members who indorsed the bill had had an opportunity to study it in detail and thus really understand just what they were indorsing. They were asked and importuned to indorse the project of increasing the salaries of the so-called "poor underpaid Federal employees." Upon that theory, and thinking, of course, that the bill in question would accomplish that result, they appeared before the committee and indorsed it. The big appeal of the Welch bill has been that it sought to relieve a condition among the lower salaried Federal employees, many of whom are now working at starvation wages, and when you have read in the press, editorially or in the news columns, comment upon this legislation, it has always been spoken of as legislation designed to do justice to the "underpaid employees." As a member of this committee, and speaking entirely for myself and on my own responsibility, I could not support the Welch bill as it stands at present, because I do not believe it accomplishes that purpose, and unless radical changes were made in it which would entirely change its whole philosophy I could not support it.

I want in the few moments granted me to engage your attention and put into the RECORD for the benefit of those who are not here just a few comments and observations on the bill, and if those comments and observations shall have the effect of provoking some study and discussion of the question, that we might all understand it better, then I shall feel abundantly repaid for imposing upon your time now.

In the first place, as we know, we are within a few weeks of the adjournment of this session of Congress, probably within five or six weeks, if we adjourn on May 19, which I understand is the tentative date that has been set. To my mind, the Welch bill has obstacles standing in the way of its immediate consideration or passage. In the first place, it is a most complicated measure. It seeks to approach the question of salary raise by rearranging the salary schedules in the classification act of 1923, as amended, and if you read it and study it in all of its long, complicated provisions, it is impossible for you to tell, just as it has been impossible for any of the governmental departments to tell, just what effect it will have on the salaries of Federal employees.

The philosophy of the Welch bill is that by increasing the salary range of the classified civil service there will thereby be an increase in the salary of the employees in these departments. That does not necessarily follow at all. It would be entirely possible for the personnel classification board by rearranging his grade to deprive him of any increase whatever. I do not suggest that this would be done, but it would be possible. Not only that, but there are other objections to the Welch bill that make it impossible to consider it hastily or give it that expeditious consideration which we must give if we hope to have relief at this session of Congress. In the first place, there is wide speculation as to whether the Welch bill will even affect the field service at all. If you examine the hearings, you will find that the question was asked a great many people, and they expressed some doubt and some apprehension as to whether or not, if the Welch bill were to become a law, its provisions would effect an increase in the salaries of the employees in the field service. That is because there has never been any classification of the field service of the Federal Government. A law was passed requiring the classification board to make a classification of the field service, but that has not been done. The salaries of the employees in the District of Columbia are fixed by the classification act, and as far as practicable the departmental heads are instructed in the various appropriation bills to make the salaries in the field conform to the salaries in the classification act; but there is no assurance whatever, when you pass the Welch bill, that the salaries of your constituents at home in the field are going to be in any way affected or raised by the provisions of that bill.

In the second place, it has a most controversial provision in it, and that is the idea of establishing a minimum wage. Personally, I do not believe that the idea of establishing a minimum wage is sound. I do not believe it can be successfully defended from the economic standpoint. I do not believe it is necessary to establish a minimum wage in order to pay living wages to the employees of the Government; and if you establish a pay roll upon any other theory than that of paying a person a reasonable value for the service rendered, you are violating a fundamental rule of economics. So that with that provision in it, the Welch bill would bring an endless controversy and make it doubtful of passage at this session of Congress.

More serious than that is the objection that nobody to date has been able to furnish a reliable estimate of the approximate cost of the Welch bill. The National Association of Federal Employees estimated the cost at $35,000,000, while the Bureau of Efficiency has estimated the approximate cost at $68,000,000, and the Bureau of the Budget has estimated it at $90,000,000. Nobody to date has been able to tell what it would cost, or what obligations would be imposed on the Federal Treasury because of the passage of that bill.

A still more fundamental objection to the philosophy of this legislation is the fact that we are told it will give relief to the "poor underpaid Federal employees," "the departmental clerks working now at almost starvation wages," the young ladies and young men in the departments drawing from $1,000 to $1,200 a year, with families to support. Let us see what the Welch bill does for them. Take the first classification, the clerical, administrative, and fiscal service; go to grade 1 of that service, the lowest grade, and you will find that the present salary range in the lowest grade is from $1,140 to $1,500. Under the provisions of the Welch bill that is increased from $1,500 to $1,740, or an increase of $360 in the minimum and $240 in the maximum.

But now when we drop down to grade 7 of the clerical, administrative, and fiscal service, under existing law the salary range is from $2,400 to $3,000. Under the Welch bill it is made to range from $3,100 to $3,400. It gives that class of employees a salary range increase of $700 at the bottom and $400 at the top. Then when you drop down still further to the highest-paid employees in that grade, or grade 14 of the clerical administrative and fiscal service, under existing law you find it is $7,500, and under the Welch bill the minimum is $9,000 and from there up to $10,000 to the maximum.

So when we are told that the Welch bill is to relieve the "underpaid Federal employees," we see that it gives the em-

ployees getting $1,200 now an increase of $300, and the employee who is now getting $7,500 an increase of $1,500.

That is the philosophy of this bill right straight through from the beginning to the end when you come to analyze it. Personally I can not subscribe to that theory of legislation.

Not only that, gentlemen, but let me draw a few practical illustrations of what this bill will do, as developed in the hearings to which I have referred. I quote from the testimony of Mr. Walter P. Taylor, in the Forestry Service, from Tucson, Ariz. He gives some valuable information as to the salaries paid under the classification act and the various phases of it. I asked him this specific question, because I wanted to get, if I could, a practical illustration of how this bill would operate upon the salaries of the employees: A typist in the Veterans' Bureau, who is in grade 1 of the clerical administrative and fiscal service at the present time, with an average salary of $1,320, under the Welch bill would get an increase of $300 a year, or $25 per month. Under the Welch bill the forest supervisor at Tucson, Ariz., at present receiving a salary of $5,400, would get an increase of $600, or an increase of $50 per month.

Now, I find upon questioning this gentleman a little further that this department forester at Tucson, Ariz., in 1914 was receiving $3,000 and in 1927 was receiving $5,400, and now we propose under the Welch bill to give him a salary of $6,000, while at the same time we are giving the young lady in the Veterans' Bureau, the typist to whom I have referred, an increase of only $300 or perhaps less.

Not only that, but I find that forest rangers in 1914 received $1,122 and in 1917 received $1,761, and under the Welch bill they would receive $2,161, or a raise of $400. In addition to that their quarters are furnished.

Now, gentlemen, my time is almost up and I do not want to delay you, but in a word that is the philosophy of the Welch bill. I want to see enacted at this session of Congress legislation that will relieve the employees in the lower grades of salaries. It is entirely possible that many of the so-called higher-paid employees are not receiving what they should. I do not know as to that; but at least it can not be fairly said that one receiving a salary of, say, $3,000 plus is not receiving a living wage. The real emergency, however, calls for relief for the low-salaried employees. I want to see that relief. I believe that the Members of this House would want to do that. I believe the Committee on the Civil Service would want to do that, and I believe the administration would approve of that. Therefore I have drawn a bill and introduced it, the bill H. R. 12696, and upon it you will need to have no further hearings, and you could figure the cost of it on the back of a postage stamp, and it will relieve the underpaid employees. It provides for a flat increase in the salary of governmental employees of $300 a year.

A bill (H. R. 12696) to increase the compensation for certain civilian employees of the Government of the United States and the District of Columbia, and to amend the salary rates contained in the classification act of 1923, as amended

Be it enacted, etc., That each annual rate of compensation prescribed in section 13 of the classification act of 1923, as amended, is hereby increased by $300; and each hourly rate of compensation prescribed in such section, as amended, is hereby increased by 12½ cents.

SEC. 2. That the compensation of all civilian employees of the Government of the United States and the District of Columbia shall be increased in the amount of $300 per annum, whether paid at per diem rates, by the hour, by piecework, or per annum.

SEC. 3. That the provisions of this act shall not apply to the following:

Employees paid from the postal revenues and sums which may be advanced from the Treasury to meet deficiencies in postal revenues, except employees of the Post Office Department in the District of Columbia, who shall be included; employees in the recognized trades and crafts whose pay is adjustable from time to time through wage boards or similar authority to accord with the commercial rates paid locally for the same class of service; employees whose duties require only a portion of their time, except charwomen, who shall be included; persons employed by or through corporations, firms, or individuals, acting for or on behalf of, or as agents of the United States or any department or independent establishment of the Government of the United States in connection with construction work or the operation of plants; employees who receive a part of their pay from any outside sources under cooperative arrangements with the Government of the United States or the District of Columbia; employees who serve voluntarily or receive only a *nominal compensation*; and employees who may be provided with special allowances because of their service in foreign countries.

SEC. 4. This act shall take effect from the date of its enactment.

Now, gentlemen, what does that do? It gives to your poor underpaid employee in the custodial service, who is now getting $900 a year and can barely live on it, $25 a month extra. It goes on up the line and gives that increase in salary to all the employees, and, as I say, you can figure the cost of it on the back of a postage stamp. It is easy of administration, it will provoke no argument, and its cost is very much less than the estimated cost of the Welch bill.

Mr. SNELL. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. If the gentleman has it handy, how many Government employees in the District of Columbia receive less than $900 a year?

Mr. WOODRUM. I can not give the number of employees who receive less than $900 a year, but I can say this: That there are 45,000 employees in the District of Columbia who would be affected by the provisions of the Welch bill. I do not have the figures which the gentleman asks for.

Mr. SNELL. I did not suppose there were any on full-time pay who were receiving less than that.

Mr. WOODRUM. There may not be, but there are quite a number who receive $1,000 and $1,200 and many who receive $1,160 and a great many who receive less than $1,500.

Mr. LAGUARDIA. There is a large class of employees receiving $1,160?

Mr. WOODRUM. Yes. The army of employees which you saw marching over to the Civil Service Committee were in the class of employees receiving from $1,000 to $1,500.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER. The gentleman from Virginia asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. MORTON D. HULL. Were they full-time employees?

Mr. WOODRUM. In answer to the gentleman I will say I think they were full-time employees who came to the committee.

Mr. FLETCHER. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. FLETCHER. Would that $300 apply to the field employees?

Mr. WOODRUM. It applies to everybody. If my bill is given consideration by the committee, it will apply to everybody in the field and to those in the classified service. The first section of the bill provides for a flat increase of $300 to all the grades of pay under section 13 of the classification act, in order that by raising the salaries of employees we would not conflict with or confuse the grades now established.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. COLE of Iowa. Would it be possible for the gentleman to tell us how many employees all together his bill would affect?

Mr. WOODRUM. It has been estimated in the figures furnished by the Bureau of Efficiency that there are 45,000 employees in the District of Columbia who would be affected by the Welch bill, and that there are 90,000 in the field service who would be affected by the provisions of that bill. Therefore there would be 135,000 employees affected by the terms of this legislation at $300, which would make an increase in the annual pay roll of $40,500,000. My bill affects everyone contemplated in the Welch bill. So there would be no controversy about it. The administration could pass on it in five minutes, and, gentlemen, you would give relief where relief is needed. I am willing to subscribe to that doctrine, but I do not subscribe to the doctrine of giving most to the man who has the most.

I have brought this matter to the floor of the House because 200 Members of Congress have expressed their interest in it by appearing before our committee. I know I can speak for the distinguished and able chairman of our committee by saying that the Civil Service Committee wants to do what it can to meet this great appeal that has been made to it for relief, and we are going to do the best we can; but I offer a plan which is simple and which will accomplish just what it has been said is desired to be accomplished by the passage of the Welch bill. [Applause.]

PERMISSION TO FILE MINORITY VIEWS

Mr. FORT. Mr. Speaker, the majority report on H. R. 7940 has been filed to-day. It was understood in the committee that minority members desiring to file minority views should have five legislative days after the filing of the majority report in which to file such views. I would like to ask leave on behalf of the members of the minority to file such views within five days.

The SPEAKER. The gentleman from New Jersey asks unanimous consent that the minority members of the Committee

on Agriculture may have five legislative days in which to file their views. Is there objection?

Mr. COLE of Iowa. Mr. Speaker, reserving the right to object, is it not possible for the gentleman, after all the study he has given to this legislation, to prepare his report in five hours?

Mr. FORT. I prefer to have the five days.

Mr. COLE of Iowa. Very well; then I will not object.

Mr. LEHLBACH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LEHLBACH. Was not such consent granted the other day at the request of the gentleman from Tennessee on behalf of Mr. ASWELL and other members of the committee?

The SPEAKER. The Chair is informed that this leave was asked for and granted the other day.

Mr. SNELL. Mr. Speaker, the request of the gentleman from New York [Mr. CLARKE], as I remember it, was with respect to his own minority views and not for the filing of general minority views?

Mr. FORT. I do not know that there is a general one.

Mr. LEHLBACH. Mr. Speaker, the request of the gentleman from New York was amended by the gentleman from Tennessee [Mr. GARRETT], who spoke of the gentleman from Louisiana [Mr. ASWELL] and others who might be in the minority.

The SPEAKER. The Chair is informed by the Clerk that that is the case.

EXPORT TRADE

Mr. MICHENER. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 150) and ask that the same may be read from the Clerk's desk.

The SPEAKER. The gentleman from Michigan calls up a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 150

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8927, to amend the act entitled "An act to promote export trade, and for other purposes," approved April 10, 1918. That after general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by those favoring and opposing the bill, the bill shall be read for amendment under the five-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MICHENER. Mr. Speaker, this rule makes in order the bill H. R. 8972. I have had no calls for time to debate the rule except I think the gentleman from North Carolina [Mr. POU] desires 10 minutes.

Mr. POU. I will say to my colleague that I would like to have 10 minutes which I may yield.

Mr. MICHENER. Yes. The purpose of the bill, in a general way, I think, is generally understood by the House. Full discussion will be permitted under the rule. Four hours is provided for general debate. This bill will be considered under the general rules of the House and free opportunity will be given for amendment. With this understanding, I feel that it is hardly necessary to go into details with respect to the bill while the rule is being considered.

I may say, Mr. Speaker, this is a unanimous report from the Committee on Rules and I understand there is no opposition to the rule.

I yield 10 minutes to the gentleman from North Carolina [Mr. POU] to yield as he may see fit.

Mr. LAGUARDIA. Will the gentleman yield just a moment?

Mr. MICHENER. Yes.

Mr. LAGUARDIA. There is no opposition to the rule, but there is opposition to the bill.

Mr. MICHENER. Surely.

Mr. POU. Mr. Speaker, the Committee on Rules felt that this was a measure that the House should have an opportunity to consider. The fact there was a unanimous report from the committee does not mean that the minority on the Committee on Rules will support the measure. It was decided that in view of the importance of the measure, and in view of the sentiment of the House, as we understood it, the House should have an opportunity to vote on the measure. This is all I care to say with respect to the rule.

Mr. MICHENER. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. LAGUARDIA. Mr. Speaker, I rise to propound a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. Mr. Speaker, my inquiry is relative to the disqualification of certain Members of the House to vote upon this measure, and I ask the indulgence of the Chair so that I may state the facts upon which I base my inquiry. I shall, of course, be guided by the Speaker's ruling on the matter of raising the point of order.

Under the rule just adopted, H. R. 8927, a bill "To amend the act entitled 'An act to promote export trade, and for other purposes,'" is now before the House for consideration. I make the inquiry at this time, as I believe that a ruling from the Chair will not only clarify the situation, but will save considerable time if the question were first raised immediately prior to the taking of a vote on the passage of the bill.

The bill under consideration permits an association of individuals or corporations for the purpose of engaging in certain import trade. Import trade as described in the bill itself means solely trade or commerce in crude rubber, potash, sisal, or other raw materials certified by the Secretary of Commerce as coming within the definition of the bill, to wit, to be controlled by any foreign government, combination, or monopoly. While the formation of a pool as to sisal and potash under the bill may be in its formative stage, it is safe to say that it has not progressed to such a stage as to make its components easily identified. As to the other raw materials, which may later on be certified, an association under the bill is so remote as not to come within the purpose of my inquiry. When we come to the crude rubber, however, we know exactly just who this bill will affect. The reason we know this is that the pool or association which would be legalized under this bill is now in existence. Not only the hearings before the committee disclosed this fact, as well as the identity of the components of the pool, but their public activities, the purchases made, and the obtaining of huge credit leave no doubt as to its existence and the corporations that form part of this pool or association. It is understood that the pool or association is now composed of the United States Rubber, B. F. Goodrich Co., Goodyear Tire & Rubber, Firestone Tire & Rubber, Fisk Rubber, General Motors Corporation, Kelly-Springfield Tire Co., Ajax Rubber Co., Willys-Overland Co., Dodge Bros., Packard Motor Car Co., and the Studebaker Corporation. This bill affects actually not all the rubber companies in the United States, not all the automobile companies in the United States, but a limited number now known and now subject to identification. There are a certain selected few corporations now in a pool and now operating.

Mr. MICHENER. Will the gentleman yield?

Mr. LAGUARDIA. As soon as I conclude——

Mr. MICHENER. But the gentleman has said that these people constitute a certain selected few. As a matter of fact, is it not true, and does not the gentleman know, that when this pool was formed that all buyers or users of rubber in America were asked to join, and that these concerns belonging did become members, and by virtue of the existence of that very pool the price of rubber was brought down from $1.20 a pound until to-day we buy it for less than 42 cents a pound, and the consumer is the ultimate beneficiary of this law if it becomes effective and operates as contemplated?

Mr. LAGUARDIA. I will assume the facts stated by the gentleman, but not his conclusion that the consumer is the ultimate beneficiary of the legislation under consideration.

Mr. Speaker, assuming it to be true that others were invited to join and did not avail themselves of the privilege that is not the question; the important point is that there was a pool formed by certain corporations now known and identified. The bill, if enacted into law, will result in a direct benefit to certain now known corporations. This bill does not affect all corporations in the United States, it does not affect all automobile corporations in the United States, but its conceded purpose will bring advantages and privileges to a certain small group of corporations now in existence. Therefore this bill affecting particular corporations, I desire to inquire whether a Member directly interested in that corporation as a stockholder comes within the prohibition and intent of section 1 of rule 8 of the rules of this House. In this connection I desire to call attention to the ruling of Mr. Speaker Blaine of February 28, 1873, found in section 5955 of Hinds' Precedents.

That ruling seems to me to be directly in point, and with the indulgence of the Speaker I will read it in full:

A bill affecting a particular corporation being before the House, the Speaker held that a Member directly interested in that corporation as a shareholder had no right to vote.

Instance wherein the Committee of the Whole reported a question of order to the House for decision.

On February 28, 1873, the Senate amendments to the legislative appropriation bill were under consideration in Committee of the Whole House on the state of the Union, and a vote by tellers was taken on an amendment relating to the Central Pacific Railroad.

Before the announcement of this vote, Mr. William S. Holman, of Indiana, made the point of order that Mr. Samuel Hooper, of Massachusetts, who had voted, was personally interested in the railroad, and therefore not entitled to vote under the rule.

The Chairman [Henry L. Dawes] said:

"That is a question of fact, which the Chair is not called upon to decide. The Chair rules that no Member interested directly in the effect of this vote is entitled to vote, neither the gentleman from Massachusetts nor any other Member of the House. If any gentleman violates this rule in voting, he is subject to such discipline in this House as the House itself shall determine."

Further objection being made, Mr. James A. Garfield, of Ohio, moved that the committee rise and report the question to the House for its decision. This motion being agreed to, Speaker Blaine held:

"The Chairman of the Committee of the Whole reported that the committee have had under consideration the Senate amendments to the legislative, executive, and judicial appropriation bill; that the ninety-third amendment of the Senate being reached (relating to the payment of interest by the Union Pacific and Central Pacific Railroad companies), the gentleman from Indiana [Mr. Holman] raised the point of order upon the gentleman from Massachusetts [Mr. Hooper] that the latter gentleman, being directly interested, had no right to vote. Upon that question the Chair will state that as a matter of parliamentary law it is laid down in the rules that where the interest is direct a Member has no right to vote. In this case, if the gentleman from Massachusetts [Mr. Hooper] be a stockholder in that road the Chair would rule he had no right to vote. It differs from the case of national banks, which has been brought up in several instances, in the fact that this is a single corporation and is not of general interest held throughout the country by all classes of people in all communities. It was long ago ruled by Speaker Winthrop, in a decision in the Massachusetts Legislature, which has ever since been held to be a guide on that subject, on the point being made against a gentleman who had some corporate interest in some corporations which were general throughout the Commonwealth, and it was shown to be an interest in no sense individual and could not be narrowed down to a question of personal interest as separate and distinct from the general interest. In reference to the question of national banks, which circulate the currency of the whole Nation, whose stockholders are numbered by thousands, residing in every community, the Chair would hold no point could be made against a Member, because there is no interest there separate and distinct from the general public interest. But if a stockholder in a single railroad corporation, as in this case, has his vote challenged it would be the duty of the Chair to hold, if he is actually a stockholder of the road, that he has no right to vote. * * * The Chair so decides without any knowledge in this particular case. It is for the gentleman from Massachusetts [Mr. Hooper], whose delicacy the Chair knows and cheerfully recognizes, to relieve the House from any embarrassment on that question.

"Mr. Hooper withdrew his vote."

It strikes me, Mr. Speaker, that in the case just cited, the decision applied to one corporation, while the bill under consideration will affect six or seven corporations. I will, of course, concede that in the ruling of Mr. Speaker Blaine the particular corporation was named in the bill, while the bill under consideration does not mention by name any particular corporation. I submit, however, that the purpose of the rubber pool is so clear, its existence so certain, its activities so gigantic that there can be no doubts of its existence and component members.

Now, it will be argued that it would be impossible to disqualify a large class of the membership of the House when the bill is general in its terms. But I submit, Mr. Speaker, that this bill, while at the first glance it may give the impression that it is general, its purpose, I repeat, is so well known and established that there can be no doubt as to the corporations directly affected and benefited. That being so, clearly it brings it within the purview and ruling by the Speaker of the House in 1873.

I want to submit, Mr. Speaker, that when it is argued that the Speaker can not go beyond the bill that he is limited by the fact that the bill does mention any particular corporation—such an argument is not in keeping with modern sense of legislative propriety.

The question here is one of propriety, one of public decency. For instance, the attitude of Members of the New Jersey delegation in 1839—when the question of seating the entire New Jersey delegation was under consideration each Member voted to seat their colleagues but did not vote on his own matter—might have been technically proper in those days, but to-day it would not be so accepted. Such action would be considered poor taste and indelicate in our time. There is a new standard of requirement in the exercise of public duty, and the question is not whether by looking at the bill a Member may be involved; the question is whether the Member who votes can turn around and face his 434 colleagues and look them square in the eye.

Mr. SNELL. Mr. Speaker, the question raised by my colleague is one that has been raised on this floor several times. Fortunately there is a long line of precedents bearing directly on this proposition and which are on all fours with the proposition before the House at the present time.

In the limited time I have been able to look over the precedents, the prevailing idea in each one of the decisions is exactly the same; and that is this:

That whenever a piece of general legislation is before the House which affects a general class, no individual Member of the House, because he happens to be a member of that class, is disqualified from voting.

The gentleman from New York has referred to the decision in 1873, Hinds, 5955. Unfortunately, that decision is not on all fours with the proposition now before us; but if he had turned back to Hinds, 5952, he would have found a decision by the same Speaker, Mr. Blaine, about one year after the one cited by my friend Mr. LAGUARDIA, of New York, which deals with precisely the same situation we have before us now. Probably this decision is the most complete decision ever rendered on this subject. Mr. Speaker Blaine went into the whole proposition very carefully, completely, and elaborately, and a few years ago Speaker Clark had the same question before the House, and he quoted quite fully from Speaker Blaine's decision and fully agreed with the decision of Mr. Blaine at that time. In brief, it was that when legislation pertains to a general class there is nothing in it that disqualifies an individual Member from voting.

To bring it down to recent times and within the memory of all of us, no one would have thought of the question of qualification of 50 or 60 Members of this House who had had distinguished service in the World War—and my friend LAGUARDIA was one of them—when they voted on legislation that had to do with hospitalization, compensation, and even bonus. Each one of these Members might come under the provisions of this legislation and sometime receive benefits from that law. But no one ever questioned the right of those Members to vote on that question for the simple reason that each one was a Member of a large class of three or four million men that were affected by that legislation, and it was in no way personal legislation as far as he was concerned.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. SNELL. Yes.

Mr. LAGUARDIA. Does the gentleman compare the veterans' legislation and the vote on that legislation by ex-service men with the vote by stockholders of the General Motors Corporation?

Mr. SNELL. That is not a fair question, for this reason: This is a parliamentary situation and has nothing to do with the merits of the bill in hand, and we must treat the facts exactly as they are, and what you or I think about the legislation has nothing to do with it.

Mr. COLE of Iowa. Mr. Speaker, will the gentleman yield?

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. SNELL. In a moment. The gentleman from New York [Mr. LAGUARDIA] has referred to Hinds' Precedents, section 5955. That precedent refers to a bill "affecting a particular corporation." According to the gentleman's own statement, there are at least 11 large corporations affected by this bill.

Mr. MICHENER. Mr. Speaker, will the gentleman yield right there?

Mr. SNELL. Yes.

Mr. MICHENER. This bill does not affect any particular corporation. This does not affect a particular pool or combination. This simply authorizes the formation of importing pools or combinations if and when the Secretary of Commerce finds it necessary and so certifies.

Mr. SNELL. And furthermore, any man in the United States who uses rubber in the manufacture of goods may come in under this general law.

Mr. MICHENER. And every farmer who uses sisal on his farm would be directly benefited if this law should become effective and operate as contemplated.

Mr. SNELL. That is what we hope will be the final effect of the law. For that reason the gentleman's first premise is not correct. This bill applies to general corporations in the rubber business, with thousands of stockholders, rather than to a specific or special one, and the precedent that he refers to in Hinds' Precedents—section 5955—is purely an individual railroad. If that bill had affected all the railroads of the country, it would have been an entirely different proposition.

Mr. MICHENER. And may I ask the gentleman from New York [Mr. LAGUARDIA] if he thinks this decision goes so far as to prevent a farmer Member of Congress from voting for the McNary-Haugen farm relief bill, because he was to receive a direct benefit from its passage.

Mr. LAGUARDIA. That would come squarely within the decisions that the gentleman from New York [Mr. SNELL] is urging.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. CHINDBLOM. If the argument of the gentleman from New York [Mr. LAGUARDIA] were to prevail, every single Member of this House would be disqualified from voting for a revenue bill which reduced the tax on his salary, because every salary is subject to tax.

Mr. LAGUARDIA. Oh, the rulings cover that.

Mr. SNELL. The prevailing idea in every one of these decisions is well summed up in the statement in Hinds' Precedents, section 5952:

> Where the subject matter before the House affects a class rather than individuals, the personal interest of Members who belong to that class is not such as disqualifies them from voting.

As far as I am able to find, there is not a single exception to that rule, and I can see no reason for raising a point of order such as the gentleman from New York [Mr. LAGUARDIA] has raised.

Mr. COLE of Iowa. Mr. Speaker, will the gentleman yield?

Mr. SNELL. Yes.

Mr. COLE of Iowa. The gentleman from Michigan [Mr. MICHENER] has already raised the point that I wanted to call attention to. If what the gentleman from New York [Mr. LAGUARDIA] contends for is upheld, then one-half of the membership of the House from the Corn Belt States would be disqualified from voting on the McNary-Haugen bill.

Mr. LAGUARDIA. Not under the decisions.

Mr. COLE of Iowa. I may speak for myself personally. I am directly interested in farm lands, and when I vote for the McNary-Haugen bill I know that it will affect my own personal interest, but I claim the right to vote for it none the less.

Mr. CHINDBLOM. Does not the gentleman think there is sufficient doubt about his receiving any benefit from the legislation in question? [Laughter.]

Mr. COLE of Iowa. It is at least the purpose of the bill to benefit farmers and farm-land owners, and my vote will be cast in consciousness of that purpose.

The SPEAKER. The Chair is glad to answer the inquiry of the gentleman from New York [Mr. LAGUARDIA]. The gentleman was kind enough to notify the Chair some days ago that he would probably present a parliamentary inquiry such as he has just made. The Chair has had some opportunity to examine the precedents, and is quite familiar with the precedents, even without this particular examination.

The gentleman from New York [Mr. LAGUARDIA] raises the question whether any Member of this House who happens to be interested as a stockholder in any of the corporations which may be affected by the legislation provided for in H. R. 8927 is qualified to vote on the bill. The gentleman from New York quoted a decision of Mr. Speaker Blaine, announced in 1873, which hinged upon the question as to whether a Member who was at that time a stockholder in the Central Pacific Railroad had the right to vote on a bill which might directly affect that road. Mr. Speaker Blaine in rendering that decision laid stress upon the proposition that this was one single corporation and not a class of corporations. In section 5955, Hinds' Precedents, the summary of the decision is as follows:

> A bill affecting a particular corporation being before the House the Speaker held that a Member directly interested in that corporation as a shareholder had no right to vote.

A year later the question was raised as to whether Members interested in banks should have the right to vote on legislation which might possibly affect the financial condition of those banks. The summary of the decision on that question as announced in Hinds' Precedents, section 5952, is as follows:

> Where the subject matter before the House affects a class rather than individuals, the personal interest of Members who belong to the class, is not such as to disqualify them from voting.
>
> The power of the House to deprive one of its Members of the right to vote on any question is doubtful.

At that time the point was raised by Mr. Speer, of Pennsylvania, that certain Members holding stock in national banks were not entitled to vote "being personally interested in the pending question," and he referred to three Members of the House who had stock in national banks.

The ruling of Mr. Speaker Blaine on that question is so elaborate and so thoroughly covers the whole subject, and so thoroughly applies to this case that, while it is long, the Chair thinks the House will be interested in hearing the decision of Mr. Blaine. The Chair will ask the Clerk to read it.

The Clerk read as follows:

> The Chair will say that the question in fact lies somewhat back of the rules of the House, and while the Chair is going to give his opinion upon the rule and construe it, he begs to make a remark that goes somewhat deeper than the rule. When a very distinguished predecessor in this chair, Mr. Nathaniel Macon, of North Carolina, occupied it, as is familiar to the House, a question arose upon the amendment to the Constitution changing the mode of counting the votes for the election of President and Vice President. The rule at that time was peremptory that the Speaker should not vote except in the case of a tie. It has since been changed. The vote, if the Chair remembers correctly, as handed up to Mr. Macon was 83 in favor of the amendment and 42 opposed to it. The amendment did not have the necessary two-thirds and the rule absolutely forbade the Speaker to vote, and yet he did vote, and the amendment became engrafted in the Constitution of the United States upon that vote; and he voted upon the distinct declaration that the House had no right to adopt any rule abridging the right of a Member to vote; that he voted upon his responsibility to his conscience and to his constituents; that although that rule was positive and peremptory, it did not have any effect upon his right. He voted, and, if the Chair remembers correctly, it was attempted to contest afterwards by some judicial process whether the amendment was legally adopted. But the movement proved abortive, and the amendment is now a part of the Constitution. Now, the question comes back whether or not the House has a right to say to any Member that he shall not vote upon any question, and especially if the House has a right to say that if 147 Members come here, each owning one share of national bank stock (which there is no law to prohibit them from holding), they shall by reason of that very fact be incapacitated from legislating on this whole question.
>
> If there is a majority of one in the House that holds each a single share of stock, and it incapacitates the Members from voting, then, of course, the House can not approach that legislation; it stops right there. * * * Now, it has always been held that where legislation affected a class as distinct from individuals a Member might vote. Of course, everyone will see the impropriety of a sitting Member in the case of a contest voting on his own case. That is so palpably an individual personal interest that there can be no question about it. It comes right down to that single man. There is no class in the matter at all. But where a man does not stand in any way distinct from a class, the uniform ruling of the American House of Representatives and of the British Parliament, from which we derive our rulings, have been one way. In the year 1871—the Chair is indebted for the suggestion to the gentleman from Massachusetts, Mr. G. F. Hoar, but he remembers the case himself—when a bill was pending in the British House of Commons to abolish the right to sell commissions in the army, which officers had always heretofore enjoyed, and to give a specific sum of money to each army officer in lieu thereof, there were many officers of the army members of the British House of Commons, as there always are, and the point was made that those members could not vote on that bill because they had immediate and direct pecuniary interest in it. The House of Commons did not sustain that point, because the officers referred to only had that interest which was in common with the entire class of army officers outside of the house—many thousands in number.
>
> Since I have had the honor of being a Member of this House, on the floor and in the chair, many bills giving bounty to soldiers have been voted on here. We have the honor of the presence on this floor of many gentlemen distinguished in the military service who had the benefit of those bounties directly and indirectly. It never could be made a point that they were incapacitated from voting on those bills. They did not enjoy the benefit arising from the legislation distinct and separate from thousands of men in the country who had held similar positions. It was not an interest distinct from the public interest in any way. * * * And the same with pensions. * * * And further, as the gentleman from Massachusetts, the chairman of the Committee on Ways and Means, Mr. Henry L. Dawes, has well said, if it should be decided to-day that a Member who holds a share of national-bank stock shall not vote on a question relating to national banks, then the question might come up whether a Member interested in the manufacture of cotton shall have the right to vote upon the tariff on cotton goods; or whether a Member representing a cotton State shall vote upon the question whether cotton shall be taxed, for that interest is largely represented here by gentlemen engaged in the planting of cotton. And so you can go through the whole round of business and find upon this floor gentlemen who, in common with many citizens outside of this House, have an interest in questions before the House. But they do not have that interest separate and distinct from a class,

and, within the meaning of the rule, distinct from the public interest. The Chair, therefore, has no hesitation in saying that he does not sustain the point of order presented by the gentleman from Pennsylvania [Mr. Speer].

The SPEAKER. That decision, so far as the Chair knows, stands to-day, and has never been overruled or controverted.

On December 22, 1914, it was quoted with approval by Mr. Speaker Clark. Precisely the same question arose then.

The gentleman from Alabama [Mr. Hobson] raised the question as to whether Members of the House interested in a certain class of corporations had the right to vote, and after quoting the ruling of Mr. Speaker Blaine with approval Speaker Clark said:

> If there was a bill here affecting one institution, if you call it that, the Chair would be inclined to rule that a Member interested in it pecuniarily could not vote, but where it affects a whole class he can vote.

Unquestionably the bill before us affects a very large class. The Chair has no information as to how many stockholders there may be in these various rubber companies. The Chair would be surprised if there were not hundreds of thousands of American citizens who were stockholders in these companies specifically referred to by the gentleman from New York, and possibly there may be a very large number of others who are directly interested in the outcome of this legislation.

Following the decision of Speaker Blaine and Speaker Clark the Chair is very clear upon the question that Members, whether they may be stockholders or not in any of these corporations, have a perfect right to vote. The Chair would be in some doubt as to whether it would be within the power of the Speaker to say whether a Member interested might vote or not in any case. Certainly it would not be within the power of the Chair to deny a Member the right to vote except in the case where the legislation applied to one and only one corporation. In this case it applies to a large class. The Chair is absolutely clear in his mind, and in response to the inquiry of the gentleman from New York holds that in his opinion the Members of the House, whether interested or not, have the right to vote on this particular measure.

Mr. DYER. Mr. Speaker, I ask unanimous consent that I be permitted to control the time of those in favor of this legislation, and that the gentleman from Texas [Mr. SUMNERS] be permitted to control it for those in opposition to this legislation.

The SPEAKER. The gentleman from Missouri asks unanimous consent that the four hours' time allowed under the rule be controlled one-half by himself and one-half by the gentleman from Texas [Mr. SUMNERS]. Is there objection?

There was no objection.

Mr. DYER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 8927, to amend the act entitled "An act to promote export trade, and for other purposes," approved April 10, 1918.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8927, with Mr. LUCE in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8927, which the Clerk will report by title.

The Clerk read the title of the bill.

Mr. DYER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DYER. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. NEWTON], the author of this bill.

The CHAIRMAN. The gentleman from Minnesota is recognized for 20 minutes.

Mr. NEWTON. Mr. Chairman, this is a bill to enable the American consumer to more effectively combat foreign monopolies in their control of the production and exportation of certain essential commodities and the charging of exorbitant prices for those commodities. In drafting the legislation we made use of the terms and provisions of the Webb-Pomerene Export Trade Act by extending similar provisions to associations engaged in importing crude rubber, potash, sisal, and certain other raw materials not produced in the United States in sufficient quantities to meet our own needs, and which are subject to monopolistic control abroad.

The Webb-Pomerene Export Trade Act was passed in 1918. It provides that the antitrust laws shall not be so construed as to prevent the association together of American concerns where the association is entered into for the sole purpose of engaging in export trade. Such associations are exempted from the provisions of our antitrust laws, providing they are not used to restrain trade within the United States or to artificially enhance prices or substantially lessen competition within our own country. In order to enforce the provisions of the act against any abuse in this country the Federal Trade Commission has certain regulatory power over these trade associations. If any one of these associations acts so as to artificially enhance prices or substantially lessen competition, or otherwise act in restraint of trade, then it is subject to all of the provisions of the antitrust laws. In other words, the exemption afforded by the Webb-Pomerene Act then ceases to be effective.

The demand for the enactment of the export trade act extended over a period of two or three years and sprang from a combination in Europe of European buying power. In order to more effectively purchase raw materials and manufactured products that were being raised and manufactured in this country, European countries combined their buying power and made that a problem for the American producer and the American manufacturer, and it was in order to meet this combined buying power abroad that the Webb law was passed in 1918.

Mr. LAGUARDIA. Will the gentleman yield for a question right there?

Mr. NEWTON. Yes.

Mr. LAGUARDIA. That was during the time we were at war?

Mr. NEWTON. Yes.

This act has been on the statute books for 10 years. To-day there are 55 export trade associations which have been organized under its provisions. The total annual exports made through these associations in 1926—the last year on which figures were available—amounted to $200,000,000. The products handled by these export trade associations were numerous and diversified, as will appear from the annual report of the Federal Trade Commission for the fiscal year ended June 30, 1927, page 22 thereof, from which I quote as follows:

> Commodities exported include raw materials and manufactured products shipped to every corner of the globe.
>
> Lumber and wood products exported during 1926, including pine, fir, redwood, walnut and hardwoods, turpentine and rosin, wooden tools, barrel shooks, and clothespins totaled about $35,700,000. Exports of metals, including copper, zinc, iron, and steel products, machinery, railway equipment, pipes, and valves, amounted to $56,500,000. Chemical products, including caustic soda, soda ash, liquid chlorine, soda pulp, paints, and varnish, totaled $3,100,000. Raw materials, such as phosphate rock, crude sulphur, etc., amounted to about $14,300,000. Paper, abrasives, cotton and rubber goods, buttons, and miscellaneous manufactured products totaled $55,900,000. Foodstuffs, including milk, meat, sugar, corn products, flour, canned salmon, and dried fruit, totaled about $35,000,000.

Let me repeat: These associations were made legal in order that the American producer could more effectively meet the combined buying power of his European customer.

During this entire period of 10 years the powers therein granted have not been abused. My authority for this statement is the Department of Justice and the Federal Trade Commission.

Mr. CELLER. Will the gentleman yield for a moment there?

Mr. NEWTON. Yes.

Mr. CELLER. Is the gentleman familiar with the complaints that have been filed with the Federal Trade Commission under the Webb-Pomerene Act for violations on the part of those who received permission to pool their interests?

Mr. NEWTON. No; I know of no such complaints.

Mr. CELLER. Does not the gentleman know there are a considerable number of complaints on file there?

Mr. NEWTON. I know there has been none.

Mr. CELLER. There are a number of such complaints.

Mr. NEWTON. Then the gentleman and I do not understand each other.

Mr. WELLER. If the gentleman will permit, there were a number of complaints filed with the Interstate Commerce Commission and the Federal Trade Commission, but none of those complaints has ever been taken into court, and there has been no court decision, and there has never been a conviction or a penalty imposed.

Mr. NEWTON. I know this. I took the matter up with the Department of Justice and was advised that they knew of no instance where there had been an abuse of the powers granted. I then took the matter up with the Federal Trade Commission and inquired first of the general counsel and then of the special assistant in charge of Webb Act matters and was in-

formed by both persons that there had been no complaints whatever against any of these export trade associations.

Mr. CELLER. Were there any violations under the Wilson Tariff Act, which is tied up with the Webb-Pomerene Act, so that they are the same thing?

Mr. NEWTON. All I know is what I have said, and I got it from the best authority there is in the Department of Justice and in the Federal Trade Commission.

Both before and especially since the war reports have come in from time to time of efforts by foreign monopolies including governmental monopolies to control the production or exportation of certain raw materials essential to our economic welfare. Something like five years ago Congress appropriated substantial moneys for an investigation by the Department of Commerce with the idea of ascertaining the growth and extent of these monopolistic controls. This work was effectively done and while it was nearing completion the gentleman from Connecticut [Mr. TILSON] our floor leader, introduced a resolution for a congressional investigation by the Committee on Interstate and Foreign Commerce of these controls and their effect upon our trade and industry. The Committee on Interstate and Foreign Commerce went into the matter promptly and thoroughly and reported to the House on March 13, 1926. The report is No. 555 of the Sixty-ninth Congress, first session. The committee found that there were about 70 commodities which we did not produce in sufficient quantities and which were either controlled by foreign monopolies or were susceptible of control. In presenting the report on behalf of the committee, I spoke somewhat at length on the floor of the House, and to those who may be interested, my remarks will be found on page 7105 of the CONGRESSIONAL RECORD for April 10, 1926. The committee made certain specific findings as to the commodities controlled and made certain recommendations. Most of those controls still continue. Practically all of them exact unfair prices from the American consumer. Among the commodities now under actual control by these foreign monopolies are the following: Rubber, sisal, potash, long-staple cotton, coffee, iodine, camphor, mercury, nitrates, quinine, kauri used in varnishes, citric acids, citrate of lime, and possibly others. The total value of the imports on these commodities in 1926 amounted to $932,000,000. They constituted 21 per cent of our total imports for that year. The year is typical. I am appending a table showing the various commodities under control, the imports valued in thousands, the countries from which the importations are chiefly made, the percentage of our imports on that commodity from those countries, and so forth.

TABLE I.—*United States imports capable of monopolistic control by foreign countries of origin*

GROUP I.—IMPORTS ALREADY SUBJECT TO ARBITRARY PRICE FIXING

[Values in thousands of dollars, except totals at end of table, which are shown in full figures]

	Imports calendar year 1926 (value thousands)	Country or countries from which chiefly imported					
		Countries whence chiefly imported	Value, thousands	Per cent of total United States imports from country named	Other countries whence imported	Value, thousands	Per cent of total United States imports from country named
Cotton, long staple	$18,659	Egypt	$16,928	90.7			
Coffee	322,746	Brazil	199,663	61.9	Colombia	$74,279	23.0
Iodine	2,272	Chile	2,272	100.0			
Rubber	505,818	Great Britain and possessions.	396,136	78.3	Dutch East Indies	87,157	17.2
Sisal	21,370	Mexico	14,216	66.5	do	4,013	18.8
Camphor, crude	1,158	Japan	1,092	94.3	China	66	5.7
Mercury	1,935	Italy	831	42.9	Spain	966	49.9
Nitrates:							
Sodium nitrate	42,781	Chile	41,885	97.9			
Calcium nitrate	586	Norway	301	51.4	Canada	118	20.1
Potash fertilizers:							
Chloride, crude	6,196	Germany	3,664	59.1	France	1,758	28.4
Sulphate, crude	2,823	do	2,561	90.7	do	200	7.1
Kainite	1,225	France	442	56.1	Germany	728	59.4
Manure salts	3,391	Germany	2,082	61.4	France	924	27.2
Kauri	952	New Zealand	947	99.5			
Citric acid	36	Italy	34	94.4			
Citrate of lime	339	do	339	100.0			

Total, Group I.—$932,288,000.
Per cent of total gross United States 1926 imports, 21.

These foreign monopolistic controls have certain common characteristics. They are confined to those commodities where there is a preponderating production in one country. It will likewise be found that in that country the percentage of consumption as compared with production is exceedingly small. It will also be found that the country of preponderating consumption consumes a very substantial portion of the commodity produced in the world, but produces practically none. All of this will be shown in the following table. I have not the time to read it, but, Mr. Chairman, in view of the fact that I shall offer several tables, I now ask unanimous consent to revise and extend my remarks. I do not want to take up time in the reading of tables.

The CHAIRMAN. Without objection it will be so ordered.

There was no objection.

The table referred to is printed in full as follows:

TABLE II.—*Ratio of production and consumption of countries controlling output of certain commodities to the world production of those commodities*

Commodity	Country of control	Per cent production of controlling country to world production	Per cent consumption of controlling country to world consumption
Rubber	Great Britain	[1] 65	[1] 5
Coffee	Brazil	65	5
Silk	Japan	70	13

[1] Including possessions. [2] Not including possessions.

TABLE II.—*Ratio of production and consumption of countries controlling output of certain commodities to the world production of those commodities*—Continued

Commodity	Country of control	Per cent production of controlling country to world production	Per cent consumption of controlling country to world consumption
Chilean nitrates	Chile	100	[3]
Potash	Germany and France	90	55
Quinine	Netherlands	95–100	[4]
Iodine	Chile	65	[3]
Tin	Great Britain and Netherlands.	[1] 36 [1] 23	[5] 20 [5]
Sisal and Hennequin	Mexico	80	[3]
Egyptian cotton	Egypt	99	[3]

[1] Not including possessions [3] Insignificant. [4] Less than 5. [5] Small.

Mr. NEWTON. Mr. Chairman, I believe that I mentioned during the fore part of my remarks that there were about 75 commodities produced abroad which were susceptible of control and that about 15 or 16 were now under control. I now present another table showing essential commodities which we import and which are susceptible of monopolistic control abroad but are not yet under control. They total $1,262,380,000 during the year 1926, and constituted 28½ per cent of our imports that year, that is, in value. Figuring in commodities now under control and those susceptible of control we find that the total for the year 1926 amounted to $2,194,668,000, and constituted

49½ per cent of all of our imports for that year. A glance at the commodities mentioned will show how essential they are in our industrial lines. The table is as follows:

TABLE III.—*United States imports capable of monopolistic control by foreign countries of origin*

GROUP II. OTHER IMPORTS CAPABLE OF CONTROL

[Values in thousands of dollars, except totals at end of table, which are shown in full figures]

Commodity	Calendar year 1926	Country or countries from which chiefly imported			
		Country	Per cent	Country	Per cent
Cattle hides	$22,092	Argentina	55	Canada	20
Sheepskins	18,791	Great Britain and possessions.	55	Argentina	15
Furs:					
Hare	1,976	Germany	27	do	23
Coney and rabbit	24,403	Great Britain and possessions.	57	Belgium	22
Mink	3,357	Canada	55	Japan	37
Muskrat	2,720	do	75		
Beaver	3,412	do	68	United Kingdom	30
Mother-of-pearl shells	2,041	Australia	57		
Olives	4,351	Spain	86		
Brazil nuts	3,036	Brazil	95		
Filberts	2,954	Italy	49	Turkey	17
China wood oil	9,148	China	96		
Olive oil:					
Edible	13,901	Italy	71	Spain	21
Inedible	4,609	do	40	do	51
Palm oil	10,112	Great Britain and possessions.	54	Belgian Kongo	14
Soya bean oil	2,151	Kwantung	68		
Rape oil	2,031	England	44	Japan	52
Tea	31,349	Great Britain and possessions.	55	do	22
Cloves	1,282	do	80		
Ginger root	365	do	78		
Mustard (seed and prepared)	1,988	England	67	Netherlands	18
Nutmegs	1,064	Great Britain and possessions.	54	Netherlands and Dutch East Indies.	43
Pepper, black	3,376	Java and Madura	24	British India	56
Pepper, white	748	Straits Settlements.	30	Java and Madura	35
Pimento (allspice)	377	Jamaica	72		
Vanilla beans	2,828	France	67	Mexico	25
Damar	2,280	Dutch East Indies.	69	Straits Settlements.	30
Shellac	10,515	British India	97		
Chicle	6,204	Mexico	76	Honduras	13
Gum Arabic	1,002	Great Britain and possessions.	91		
Gambier	366	Straits Settlements.	98		
Cinchona bark	1,056	Netherlands	99		
Geranium oil	526	France	72	Algeria and Tunisia.	25
Citronella	745	Ceylon	2	Java and Madura	57
Lavender	509	France	75		
Lemon oil	974	Italy	97		
Quebracho wood	510	Argentina	100		
Quebracho extract	3,745	do	88		
Myrobolan	488	British India	100		
Sumac	304	Italy	98		
Sugar-beet seed	1,181	Germany	82		
Jute	13,968	British India	96		
Jute butts	820	do	98		
Jute bags	5,972	do	98		
Jute burlaps	82,238	Great Britain and possessions.	96		
Istle	1,927	Mexico	100		
Kapok	4,863	Dutch East Indies	92		
Carpet wool	30,103	Great Britain and possessions.	47	China	20
Combing wool	65,915	do	63	Uruguay	19
Raw silk	392,760	Japan	84	China	14
Pulpwood	14,176	Canada	99		
Rattan	969	Straits Settlements	71		
Cork	2,908	Spain	29	Portugal	49
Woodpulp	91,231	Canada	47	Sweden	33
Newsprint paper	123,982	do	90		
Kaolin	3,484	England	99		
Asbestos, unmanufactured	8,143	Canada	90		
Mica, cut	2,184	Great Britain and possessions.	97		
Diamonds, rough	13,071	do	81		
Diamonds, cut	51,362	Netherlands	53	Belgium	41
Pearls	5,357	France	56	United Kingdom	40
Magnesite	1,466	Italy	67	British India	11
Tungsten	871	China	63	United Kingdom	19
Antimony, metal	3,795	do	77		
Nickel	9,160	Canada	66		
Platinum	8,683	England	50	Colombia	39
Tin ore	187	Great Britain and possessions.	33	Bolivia	54
Tin bars	104,793	do	85		
Quinine sulphate	655	Netherlands	59	Japan	24
Tartaric acid	330	Germany	52	Italy	26
Ammonium nitrate	383	do	81		
Calcium carbide	847	Canada	99		
Cobalt oxide	632	do	36	Belgium	59

TABLE III.—*United States imports capable of monopolistic control by foreign countries of origin*—Continued

GROUP II. OTHER IMPORTS CAPABLE OF CONTROL—continued

Commodity	Calendar year 1926	Country or countries from which chiefly imported			
		Country	Per cent	Country	Per cent
Potassium compounds:					
Carbonate	$534	Germany	84		
Hydroxide	771	do	94		
Bitartrate	1,791	France	55	Spain	12
Sodium cyanide	2,858	Canada	62	France	15
Calcium cyanamide	4,193	do	91		
Guano	430	Peru	22	Falkland Islands	24

Total Group II, $1,262,380,000.
Per cent of total imports, 28.5.
Total Groups I and II, $2,194,668,000.
Per cent of total imports. 49.5.

Mr. Chairman, now let us get back to those commodities that are already under foreign monopolistic control.

These controls have already cost the American consumer hundreds of millions of dollars. I shall take up certain specific commodities separately so as to demonstrate beyond any question of a doubt of the tremendous burden of these controls upon our industries. I shall use charts in order to more graphically present the situation.

CRUDE RUBBER

Crude rubber in dollars and cents is our greatest import. It supplanted silk in this respect several years ago. It is not produced in this country. The production of crude rubber is largely in the British and the Dutch East Indies. In 1927 the British possessions produced 54 per cent of the world's production of crude rubber. When the Stevenson plan was put into effect in 1922 they produced 67 per cent of the world's rubber. The United States, while producing no crude rubber, consumes 65 per cent of the total world production. The conditions were, therefore, ideal for control. The average cost of producing crude rubber is 18 cents per pound. The average price of rubber at New York during the years 1914 to 1918, inclusive, was 67.41 cents per pound. These were war-time prices. The average yearly price in 1919 was 48.7; in 1920 it was 36.3; in 1921 it had dropped to 16.3 and in 1922 it was 17.5. For two years, therefore, it was below the average cost of production. The British colonial secretary appointed a committee, of which Sir James Stevenson was made chairman. The committee made its recommendations for limiting exportations of crude rubber; the British colonial secretary adopted them and submitted them to the legislative councils of the several East Indian possessions producing crude rubber. They were then made effective.

The announced intention was to restrict the exportation and to incidentally curtail production by a plan which would maintain a fair or stabilized price ranging from 24 cents to 36 cents per pound. The 36-cent level was the maximum expected at the outset, while 30 cents was the pivotal price on which increased output was permitted. This latter figure would yield a fair profit, while 36 cents would give a handsome profit, even on the higher production-cost plantations. The plan limited exports to a percentage of a fixed or arbitrary standard production assigned to each plantation. The original standard was based on the general yield of 1919–20. Since 1922–23 the plantations have been reassessed each year on a new basis, thereby allowing for new areas reaching maturity, higher yield per acre, and so forth. It takes about seven years to plant and develop a rubber tree into production. Under this plan the permitted exports automatically rise or fall quarterly as the price fluctuates above or below the 30-cent fair price level, providing, however, that the British colonial office authorizes the change. In May, 1926, the 30-cent price level was replaced by a 42-cent level. This still remains the pivotal price. The average yearly prices of crude rubber (plantation ribbed smoked sheets) at New York since 1922 is as follows:

1923	29.45
1924	26.20
1925	72.46
1926	48.50
1927	37.72

During the years 1925, 1926, and 1927 the average monthly price and percentage of exportation allowed on standard production under the Stevenson Act was as follows:

Month	Average monthly price	Percentage of exportation
1925	*Cents*	
January	36.71	50
February	36.01	55
March	41.00	55
April	43.64	55
May	58.47	65
June	77.26	65
July	103.16	65
August	82.99	75
September	88.88	75
October	98.01	75
November	104.80	85
December	98.51	85
1926		
January	79.50	85
February	62.25	100
March	59.00	100
April	51.25	100
May	47.75	100
June	42.50	100
July	41.03	100
August	38.50	100
September	41.00	100
October	42.50	100
November	38.50	80
December	38.25	80
1927		
January	38.75	80
February	38.25	70
March	41.04	70
April	40.86	70
May	40.76	60
June	37.25	60
July	34.44	60
August	35.12	60
September	33.67	60
October	34.32	60
November	37.58	60
December	40.63	60

The standard production officially announced for Malaya and Ceylon was 330,000 tons the first restriction year (1922–23). This figure was substantially the then potential or capacity production. My recollection is that the standard quota per acre was the same in certain regions, but that there was a difference as between regions. In no case was the original assessment permitted to exceed 400 pounds per acre per annum. In accordance with the plan a certain percentage of this so-called standard production is allocated to each plantation for exportation in each quarter year, depending upon the average price of crude rubber during the preceding quarter and the action of the British Colonial Office. This percentage has run from 50 per cent up. During the entire period of control, from November 1, 1922, to January 1, 1928, it has averaged only 69 per cent of the standard production. Therefore, during the entire control period it can be said that the exportation of potential production has been restricted about one-third. If a planter exports more than the allowable percentage he must pay a heavy export tax. This tax is set not only upon the excess over and above his percentage, but upon the entire amount of crude rubber exported. The tax is prohibitory because it is sufficiently substantial as to be confiscatory. It is, therefore, effective.

How has that monopolistic control affected the price of crude rubber in this country? That question can best be answered by Chart No. 1 (see following page), which I shall explain in detail. It shows the effect of the Stevenson restriction scheme on the price of crude rubber in this country and covers the period running from January 1, 1922, until about the 1st of April, 1928. The line marked, "Production cost per pound, plantation rubber, 18 cents," is the average production cost of crude rubber. The New York market price is practically the same as the London price plus carrying charges to New York. This New York market, or spot-rubber price, is indicated on the chart and so marked. Deliberations resulting in the Stevenson plan commenced to bear fruit late in the summer of 1922. Note that the New York market price commenced to be affected. It gradually mounts until it is about 25 cents per pound on November 1, when the plan is put into effect.

It continues to mount until it reaches about 36 cents per pound in January of 1923. Then it slumps until the middle of 1924. Why? That is likewise shown on the chart. When the plan was put into effect there was a tremendous surplus of crude rubber. This surplus had to be sold. It declined from 56,816 tons to 4,740 tons in a period of one year. When this surplus was reduced crude-rubber buyers in this country became panicky. This resulted in highly competitive buying in this country, thereby forcing the New York market price in July of 1925 to the peak price of $1.21 per pound. The scared buyers, of course, produced this situation. Then it dropped, but still remained over 70 cents per pound. It then commenced to climb again and in three or four months was $1.11 per pound. The situation was truly alarming.

Mr. LAGUARDIA. Does the gentleman contend that that peak was produced entirely by the Stevenson plan?

Mr. NEWTON. No; the gentleman does not claim that it was produced entirely by reason of the operation of the Stevenson plan, because no man can claim that any one factor is the sole contributor of anything.

Mr. CELLER. And what did balloon tires have to do with it?

Mr. NEWTON. Then came several efforts on the part of our Government. In the meantime the Department of Commerce had been making the investigation to which I referred earlier in my remarks. The market price commenced to go down until in the middle of 1926 it was down to about 42 cents per pound. With varying fluctuations it remained between 36 cents and 42 cents per pound until the end of the year 1927 when it commenced to slump to below 30 cents per pound.

Mr. Chairman, now I want to call attention to another curve here showing the import value per pound. The curve commences in January, 1925, when the price on crude rubber on the New York market was about 35 cents per pound. This curve represents the price paid for rubber that was purchased on contract and not upon the New York rubber market. It represents the value of the crude rubber imports. This means the price that the American rubber importers had to pay and which was disclosed as the commodity went through the customhouse. The New York price curve shows the price that buyers in that market had to pay.

The import value curve shows what was actually paid on the crude rubber coming into this country. It does not show so much speculation as the New York market price curve. It will be observed, however, that early in the year 1926 the average monthly import value per pound on our crude-rubber imports reached 80 cents per pound. Then it commenced to go down. Of course, contracts for crude rubber are made some five or six months in advance of requirements; hence, this curve commenced to recede after the New York price had already receded. It will further be observed that from the middle of the year 1926 up to the present time that it has been above 36 cents per pound almost all of the time, and is below it but a very few months thereof.

Now, I want to call your attention to Chart No. 2. This chart takes in the period of May, 1925, to July, 1927. The base line is 36 cents, which is the maximum fair price of crude rubber and which yields a handsome profit. Looking at the chart, you will observe that every month during that period the price was above 36 cents per pound; that is, the American rubber user who imports his crude rubber for tires or other purposes paid in excess of 36 cents per pound every one of those months. In two or three months it was very slight. One month it reached 38.3 cents per pound above 36 cents. Another month it was 36½ cents per pound above. You will note that during the entire period of slightly over two years that the total import cost to the American rubber dealer of his crude rubber in excess of 36 cents per pound amounted to $297,000,000. Of course, after this crude rubber had been manufactured into tires the percentage of additional cost to the American consumer was very substantially above that. We all know how tire prices mounted during that period. Tire prices in January, 1925, were lower than ever before in the history of the industry. They finally mounted in price until at the end of 1925 they had advanced 56 per cent.

The following table shows wholesale tire prices effective in January, 1925, and the dates, amount, and average percentage increase resulting from subsequent changes. Tire prices in January, 1925, were lower than ever before in the history of the industry, but present prices are only 90 per cent of the January, 1925, prices.

In preparing the following table quotations for a standard make of tire were used, and for the four following common sizes only: 30 by 3½ clincher cord, 32 by 4 straight-side cord, 32 by 4½ straight-side cord, and 29 by 4.40 balloon tires, these sizes being taken as fairly representative:

Dates	Wholesale price, 4 sizes	Percentage increase
January, 1925	$55.30	(1)
May 4, 1925	57.00	103.1
June 2, 1925	62.95	112.0
July 1, 1925	68.55	123.9
July 20, 1925	75.40	136.3
Oct. 17, 1925	86.70	156.8
Feb. 15, 1926	74.10	136.0
July 7, 1926	61.90	111.9
Nov. 15, 1926	52.70	95.3
Nov. 1, 1927	50.00	90.4

[1] Taken as 100 per cent.

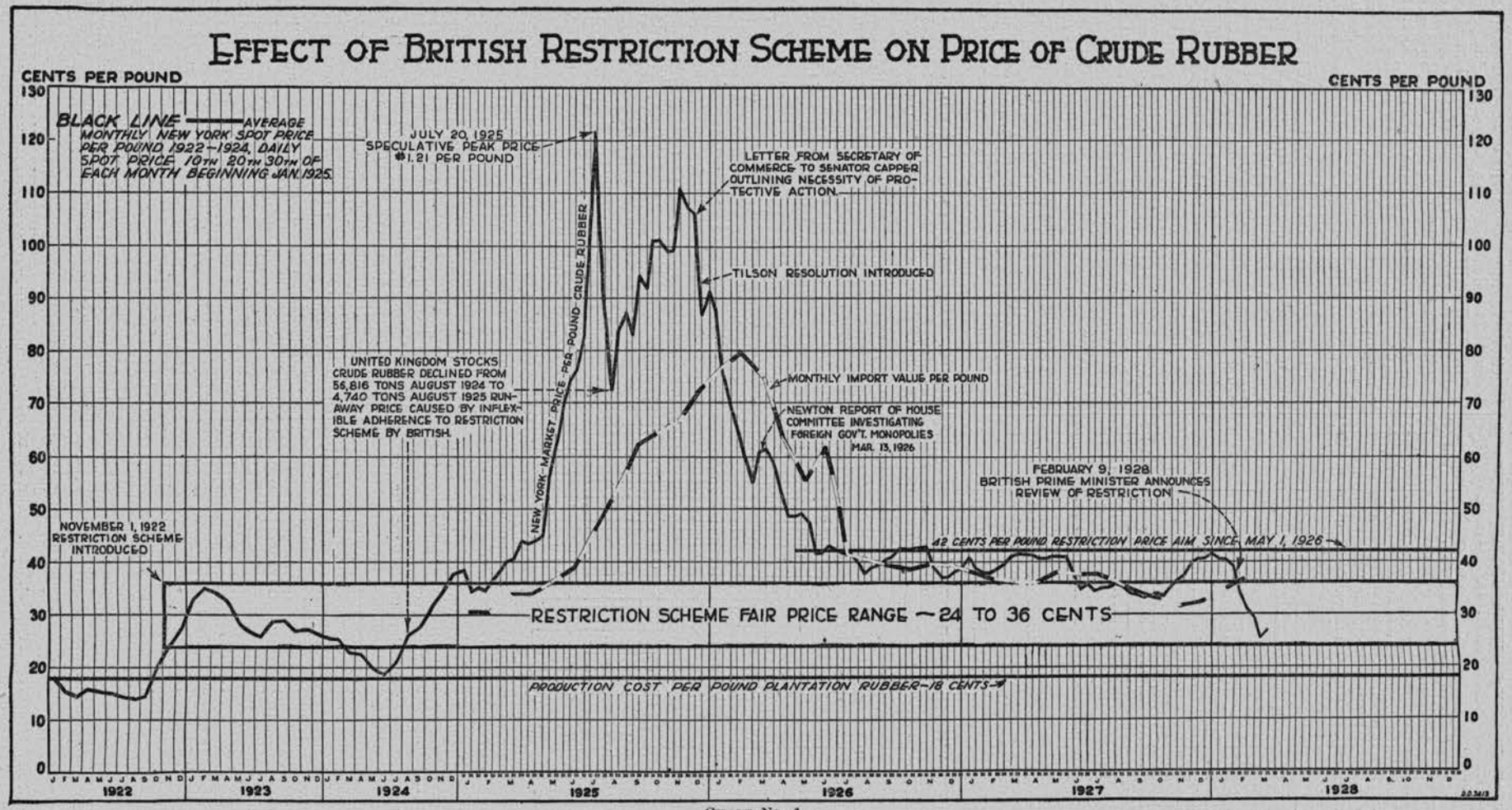
EFFECT OF BRITISH RESTRICTION SCHEME ON PRICE OF CRUDE RUBBER
CENTS PER POUND
CENTS PER POUND
BLACK LINE ——— AVERAGE MONTHLY NEW YORK SPOT PRICE PER POUND 1922–1924, DAILY SPOT PRICE 10TH 20TH 30TH OF EACH MONTH BEGINNING JAN. 1925.
JULY 20, 1925 SPECULATIVE PEAK PRICE $1.21 PER POUND
LETTER FROM SECRETARY OF COMMERCE TO SENATOR CAPPER OUTLINING NECESSITY OF PROTECTIVE ACTION
TILSON RESOLUTION INTRODUCED
UNITED KINGDOM STOCKS CRUDE RUBBER DECLINED FROM 56,816 TONS AUGUST 1924 TO 4,740 TONS AUGUST 1925 RUNAWAY PRICE CAUSED BY INFLEXIBLE ADHERENCE TO RESTRICTION SCHEME BY BRITISH.
NEW YORK MARKET PRICE PER POUND CRUDE RUBBER
MONTHLY IMPORT VALUE PER POUND
NEWTON REPORT OF HOUSE COMMITTEE INVESTIGATING FOREIGN GOV'T. MONOPOLIES MAR. 13, 1926
FEBRUARY 9, 1928 BRITISH PRIME MINISTER ANNOUNCES REVIEW OF RESTRICTION
NOVEMBER 1, 1922 RESTRICTION SCHEME INTRODUCED
42 CENTS PER POUND RESTRICTION PRICE AIM SINCE MAY 1, 1926
RESTRICTION SCHEME FAIR PRICE RANGE — 24 TO 36 CENTS
PRODUCTION COST PER POUND PLANTATION RUBBER—18 CENTS
130
120
110
100
90
80
70
60
50
40
30
20
10
0
1922
1923
1924
1925
1926
1927
1928

CHART NO. 1

I am submitting herewith a table covering the five restriction years, November 1, 1922, to November 1, 1927. It shows the average percentage of rubber produced which was exportable under the plan, the standard or basic production, the exports that were permitted, the actual exports, and the loss to the rubber consumers throughout the world. This latter is the difference between standard production and actual exports. During that five-year period it shows a loss of over 500,000 tons of crude rubber, or about one-third of the standard production. Think of the effect upon the price if this rubber had been permitted to be exported.

Crude rubber restriction—Loss of production in Malaya and Ceylon due to restriction act

[Figures in tons except where otherwise noted]

Restriction years	Average percentage exportable	Standard production	Permissible exports	Actual exports	Loss to world
Nov. 1, 1922–Oct. 31, 1923	61.25	330,034	202,146	198,459	131,575
Nov. 1, 1923–Oct. 31, 1924	58.75	322,682	189,576	202,830	119,852
Nov. 1, 1924–Oct. 31, 1925	61.25	342,600	209,843	222,585	120,015
Nov. 1, 1925–Oct. 31, 1926	96.25	365,285	351,587	335,185	30,100
Nov. 1, 1926–Oct. 31, 1927	67.50	407,679	275,183	[1] 300,596	107,083
Total, 5 years	69.00	1,768,280	1,228,335	[2] 1,259,655	508,625

[1] Partly estimated.
[2] Excess of actual exports over permissible exports was due to exports of certain licensed stocks, export allowances to small estates, and a few shipments exported through the payment of maximum rate of duty.

United States imports of crude rubber, July, 1925, to December, 1927—Con.

1926

Month	Quantity (pounds)	Value (dollars)
October	66,027,362	25,320,558
November	87,706,143	34,890,536
December	84,568,880	33,261,366
Total	925,877,712	505,817,807

1927

January	97,082,264	36,753,719
February	63,475,079	23,110,257
March	79,552,871	28,693,016
April	103,493,197	37,321,505
May	81,799,549	30,984,377
June	74,020,628	27,850,014
July	84,397,110	31,678,259
August	73,494,573	26,396,931
September	74,595,247	25,314,412
October	67,613,125	22,163,282
November	86,445,231	27,395,428
December	68,781,481	22,197,942
Total	954,750,355	339,859,142

Turning again to Chart No. 1 and calling attention to the substantial drop in the price of rubber, whether figured at the New York market price or the monthly import value, what were

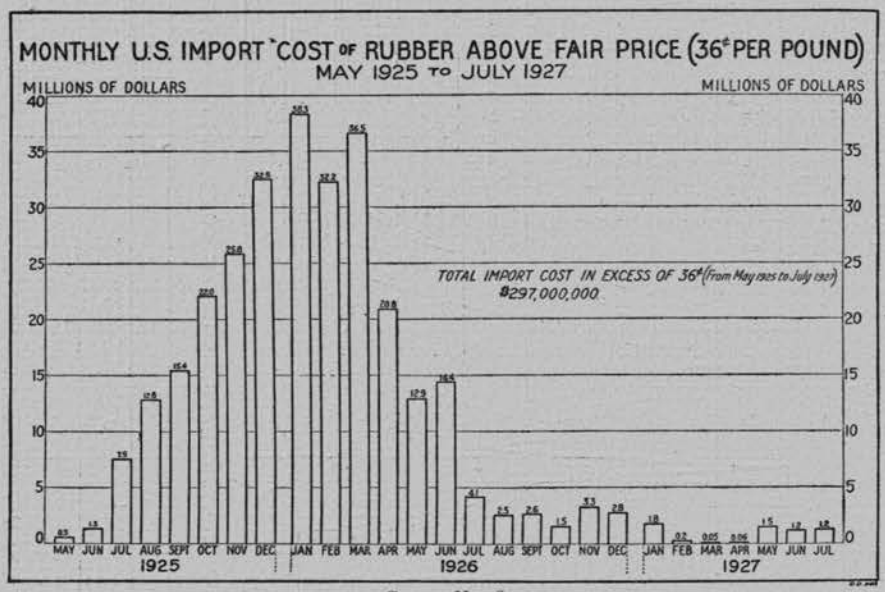

CHART No. 2

I am also submitting a statement showing the United States imports of crude rubber by months for the years 1925 to 1927, inclusive. Both quantity and value are given.

United States imports of crude rubber, July, 1925, to December, 1927

1925

Month	Quantity (pounds)	Value (dollars)
July	72,699,696	33,701,723
August	74,844,042	39,834,348
September	59,061,732	36,686,013
October	77,617,160	50,027,338
November	84,571,583	56,271,963
December	90,336,039	65,055,868
Total	459,130,252	281,577,253

1926

January	94,985,456	72,528,151
February	73,618,049	58,733,370
March	94,421,359	70,589,581
April	77,377,955	48,742,539
May	66,654,899	36,896,080
June	55,776,297	34,498,561
July	80,236,677	33,061,281
August	61,374,535	24,670,752
September	83,130,100	32,625,032

the factors causing that sharp slump in the course of a very few months? Unquestionably a number of factors entered into that. I shall mention several. There was the competition from the Dutch East Indies, who were not subject to the Stevenson Act. There was the campaign under the direction of Secretary Hoover with the cooperation of the trade for conservation of rubber, and there was the increased use of substitutes; and there was the general investigation, first by the Department of Commerce followed by the congressional investigation, and the recommendations made which, in part at least, met with cooperation upon the part of the trade. Last, but in no sense least, can be mentioned the getting together of American rubber buyers for the purpose of forming a sort of national crude rubber reserve for the purpose of more effectively meeting the selling tactics of this foreign monopoly.

Mr. KING. Will the gentleman yield for a couple of questions?

Mr. NEWTON. Certainly.

Mr. KING. I want to ask the gentleman whether or not he observed in the morning papers that Premier Baldwin had announced that they would abandon the Stevenson plan on the 1st of November?

Mr. NEWTON. Yes. I did see it. I am pleased to see that they are making progress in that country.

Mr. KING. I want to say that I was here when the Webb-Pomerene bill was passed, and I would like to ask the gentle-

man as a result of that legislation what benefit has come to the ordinary people of the country—what have they gotten out of it?

Mr. NEWTON. The workmen who have worked in the factories manufacturing the different commodities which have been exported abroad have received substantial benefits. During the year 1926 $200,000,000 worth of products were exported by these export trade associations. There must be out of a $200,000,000 business a substantial benefit flowing to the American workmen and the American business man. That likewise applies to the producers of farm products. I have figures showing that $35,000,000 of farm products were included in that year. That is not a very great amount in and of itself, but it is quite an item and is of practical benefit to the industry.

Mr. HUDSON. Will the gentleman yield?

Mr. NEWTON. Yes.

Mr. HUDSON. Does the gentleman want the House to infer because of the statement made by the gentleman from Illinois [Mr. KING] as to what he saw in the morning paper that the Stevenson plan was to be abandoned by the 1st of November, rendering unnecessary this proposed legislation?

Mr. NEWTON. Not at all. I merely observed that I was glad to know that they were making some progress in economics. Some of their own people said when it was put into effect in 1922 that it was economically wrong and opposed it. Their views were not followed. That fight has been kept up there. We have assisted somewhat in our fight here and as a result the British Premier has announced—not that the control is off now—but has announced that if he does not change his mind in the future that it will go off on the 1st of November. However, no one knows who is going to be premier next fall. So that does not avoid the necessity of legislation as to rubber. Furthermore, the action of the British Government, even if carried into effect, would not affect other commodities like sisal and potash. Now, if control is really abandoned there will be no occasion for the forming of any purchasing agency or rubber reserve. But we do not know even if it is abandoned when it will be again renewed.

We ought to have on the statute books the means which the American consumer, the American manufacturer, and the American farmer can at any time use in order to prevent being gouged by unjustly high prices through foreign control.

Mr. CELLER. Will the gentleman yield?

Mr. NEWTON. I will.

Mr. CELLER. The gentleman has made an illuminating report as to crude rubber and coffee and has said that measures not know whether the control is going to be taken off then or not. They have a right to change their mind.

Mr. KNUTSON. Has it occurred to my colleague that Premier Baldwin might have made this statement hoping to defer this legislation? He knows that Congress is going to adjourn in six weeks.

Mr. LAGUARDIA. He does not even know that Congress is in session. [Laughter.]

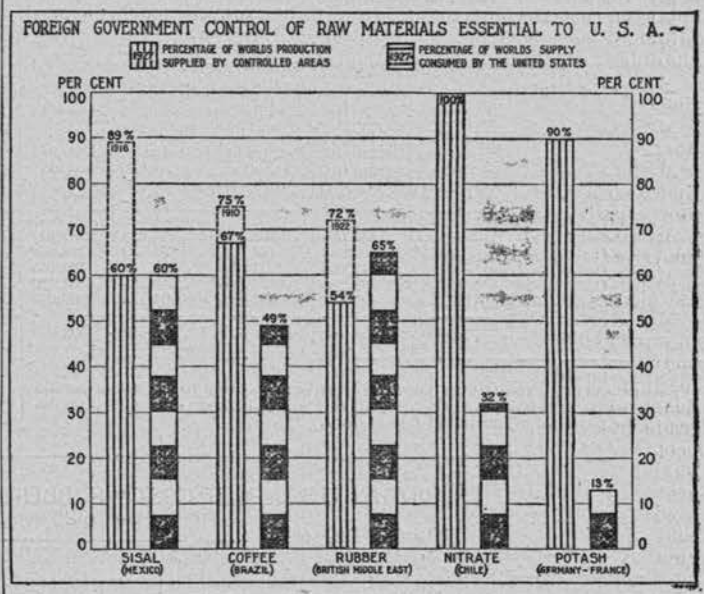

CHART No. 3

Mr. LOZIER. Mr. Speaker, will the gentleman yield?

Mr. NEWTON. Yes.

Mr. LOZIER. I assume the gentleman from Minnesota is aware of the fact that for 12 months and more the Stevenson plan has not been functioning and can not function efficiently because of the failure of the Netherlands Government, which now controls 33 per cent of the plantation rubber in the Middle East, to enter into the plan with the British Government. Is

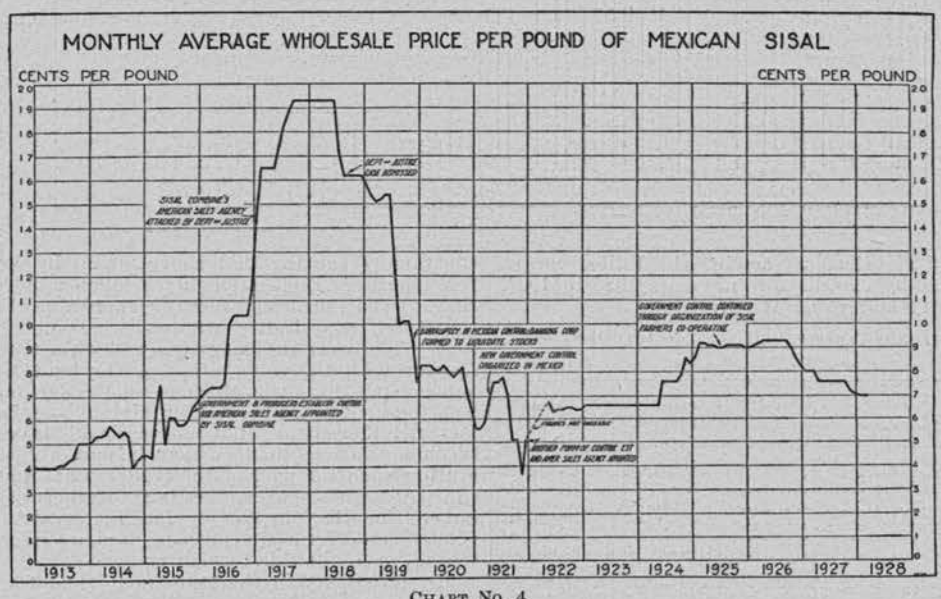

CHART No. 4

of this sort, pools, might cause international ill will. Would not the effect of this legislation, if adopted by Congress, be that England will reinstate that cartel or pool control? Will we not have that situation?

Mr. NEWTON. I hope the gentleman will not take up much of my time.

Mr. CELLER. The question involves a little time. In so far as we get this advantage, may not they put it on again?

Mr. NEWTON. If the gentleman will come to me next November we will find out if we have an "advantage." I do not that the reason why the plan failed to function, and is not that the reason why ultimately and inevitably the Stevenson plan must be abandoned? Is it not true that they can not control a sufficient amount?

Mr. NEWTON. The gentleman ought not to take up my time in making a speech.

Mr. LOZIER. Is not that true?

Mr. NEWTON. No; it is not true. The gentleman is wrong in his conclusions. The Stevenson plan has been in operation during the past year.

Mr. LOZIER. Has it functioned?

Mr. NEWTON. Their plan of control has been in effect.

Mr. LOZIER. But has it not failed to function because the Dutch growers control 33 per cent?

Mr. NEWTON. The Dutch production has been a factor, of course. I can not yield further.

Mr. DOMINICK. Will the gentleman yield before he leaves this chart and give us the price of crude rubber to-day?

Mr. NEWTON. I stated it a moment ago. Spot is 21 cents.

Mr. DOMINICK. After the drop of yesterday?

Mr. NEWTON. It was about 21 yesterday, but it has been running down just below 30 cents for some time.

Mr. JACOBSTEIN. Will the gentleman yield for a question?

Mr. NEWTON. Yes; for a brief question, because I must hurry.

Mr. JACOBSTEIN. Is there not, however, a violation of the Sherman antitrust law by virtue of the pool which is now sought to be legalized?

Mr. NEWTON. The gentleman is anticipating my remarks, and I prefer not to go into that now.

Mr. JACOBSTEIN. The gentleman will answer the question as to whether a pool is now operating and operating illegally?

Mr. NEWTON. So long as the gentleman has brought up the question at this time, I will say to the gentleman that nobody knows whether or not it is illegal to-day for manufacturers to combine to buy essential raw products abroad. The courts have not passed on the question. In an effort not to restrain trade but in an effort really to promote trade some of these people who are users of these products have combined their buying power. This has been in effect something like a year or so to a limited extent; but whenever they have gone to lawyers and asked for advice, these lawyers have told them that they do not know whether this is in violation of law. In view of the penalties of the Sherman Act, no responsible business man cares to run that sort of chance. This is a matter of policy, of course, to be determined by Congress.

Let me say right here, as long as this question has been brought up now, that since 1890 our policy has been to protect our people against the exactions of monopolies established in this country. We can reach monopolies in this country. We can not reach out across the seas in any effective legislative way and reach the monopolies over there through prohibitions or penalties. Furthermore, we must have these products. If there is an obligation upon government to protect its people from the exactions of monopolies here in this country, certainly there exists a similar obligation upon the Government to endeavor in every possible way to protect its citizens against unfair exactions from monopolies that may be abroad and beyond the jurisdiction of our own laws.

Mr. KNUTSON. Will the gentleman yield?

Mr. NEWTON. Yes.

Mr. KNUTSON. In view of the situation that exists across the seas, are not American buyers justified in forming pools?

Mr. NEWTON. We should permit something of the kind to be done.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. DYER. Mr. Chairman, I yield 10 minutes more to the gentleman from Minnesota.

Mr. NEWTON. Mr. Chairman, I must not spend all of my time upon one commodity, for, as I have indicated, we are paying tribute to these foreign controls on about 15 or 16 essential commodities. I want to again refer to chart No. 3. The commodities set forth are sisal, coffee, rubber, nitrates, and potash. Note that Mexico produces to-day 60 per cent of the world's production of sisal and that we consume 60 per cent of the world's supply. Note also by the dotted line that in 1916 Mexico then produced 89 per cent of the world's sisal. She has been losing out under her system of control. It will be observed that Brazil now produces 67 per cent of the world's production of coffee. You will note by the dotted line that in 1910 Brazil produced 75 per cent of the world's production. The Brazilian valorization scheme controlling both production and exportation of coffee went into effect in 1910. One of the effects or consequences of governmental control has been to reduce Brazil's percentage of the world's production from 75 to 67 per cent.

Note that the United States consumes 49 per cent of the entire world's supply of coffee. Brazil only consumes 5 per cent of what the world produces. Of the coffee imported to this country, about 55 per cent comes from Brazil.

Further referring to Chart 3, it will be observed that Chile produces practically all the natural nitrates that are produced in the world. The United States consumes 32 per cent of this production at the present time. Chile consumes practically none at all. About 50 per cent of the natural nitrates which we import are used for fertilizer; the rest are used for chemicals, explosives, and so forth.

SISAL

Sisal is a vegetable fiber coming from the Province of Yucatan, in Mexico. It is used almost exclusively for binder twine. Mexico now produces 60 per cent of the world's sisal. The average production for the past three years has been about 610,000 bales of 400 pounds each. The United States consumes from 80 to 90 per cent of the annual sisal production of Mexico. In 1926 our imports from Mexico were 82,699 tons. The import value was $14,264,162. This represented 70 per cent of our total sisal imports for that year. Mexico uses very little of the sisal production; it ranges around 2 per cent of the crop.

Governmental control of sisal commenced in Mexico about 1915. The control organization consists of a so-called cooperative society of eight members who represent the Federal and State Governments of Mexico and the growers of the fiber. This cooperative organization has entire control of the marketing of crops and the fixing of price of sisal. It exercises direct control over the production. The control in the past has restricted production by refusal to purchase the fiber from the planter. At other times they have done so by quoting prices to the producers which will not permit of a fair profit.

A fair price for sisal is 5 cents per pound. That price will yield a very good profit to the producer. During the year 1913 the average price of sisal in New York was less than 5 cents per pound. The control was put into effect shortly thereafter. The effect of this control is shown by Chart 4, which sets forth the monthly average wholesale price per pound of Mexican sisal. The curve commences January 1, 1913, with sisal fiber at 4 cents per pound; it thereupon fluctuates between 4 and 5½ cents until about January 1, 1915, when it jumps and immediately recedes until the latter part of 1915 when this cooperative control organization was instituted. Note that they established an American sales agency. Immediately following the establishment of this governmental control the price of sisal fiber mounted by leaps and bounds from 6 cents per pound, 1 cent per pound above a fair price, until 1917–18 it had reached 19 cents per pound. Note that in the meantime the sales agency in this country which had been established by the foreign combine had been attacked by the Department of Justice. Before that case had been disposed of the war had ended and prices slumped from 19 cents to 8 cents per pound. Apparently, there had been much speculation by this foreign combine, which resulted in bankruptcy and the forming of a new organization. During this period the price got down to 4 cents per pound. Note that thereupon a new organization of governmental control was formed and that it resulted in driving the price up to 9 cents per pound. It is now 7 cents per pound or 2 cents per pound over a fair price. As a result of the sisal combine the Mexican control of production and distribution of sisal fiber cost the American farmer in 1918 from $35,000,000 to $40,000,000 over and above the fair price. It is now costing him about $6,000,000 to $8,000,000 annually in excess of a fair price.

POTASH

Again I call your attention to Chart 3 and the last commodity therein mentioned—potash. It will be observed that Germany and France produce 90 per cent of the world's production of potash. The United States consumes 13 per cent of the world's supply. The world's production for the year 1926 for pure potash was about 1,500,000 tons. France and Germany cooperating together have formed a monopolistic control, and while we only consume 13 per cent of the world's production of potash, 95 per cent of what we do consume is imported from this Franco-German control. Our import values of potash will run somewhat in excess of $1,000,000 per month. The American farmer has been paying tribute to this monopolistic control of potash for a period of 35 or 40 years, when it was first discovered in western Germany and its value as a fertilizer was first determined. The control by these two countries is absolute. All potash operators are compelled to join the syndicate. All matters of policy and details as to control are vested in the Minister of Economy. Attempts have been made from time to time by American purchasers to break the monopoly, but without success. Contracts made by American purchasers at prices under the syndicate prices were nullified by action of the German Government. The American purchaser of potash was helpless before this monopolistic control under governmental auspices.

Then came the World War. Some of these deposits were in Alsace. This Province then became a part of France. France and Germany then vied with one another in order to sell their potash to the American consumer. The price thereupon went down. Their rivalry immediately ceased, for an agreement was drawn up between French and German potash interests. The effect of it was to again put into operation monopolistic control

of production and distribution of potash. As a result there has been a restoration of the exorbitant prices in effect preceding the war. Early in 1927 our Department of Justice brought an action for alleged conspiracy in restraint of trade against the Franco-German potash interests. My understanding is that some sort of a sales agency had been set up in this country. In any event, our Government tried to institute proceedings against this monopoly. The claim was set up that it was governmentally owned and controlled by two soverign Governments—France and Germany—therefore it was not subject to our antitrust laws. My understanding is that the evidence has been presented, the case has been concluded, but the court has not yet rendered its decision.

It will be observed that the executive branch of our Government has been active in every way that it possibly can in order to get at these foreign monopolies. They have been handicapped because they have been instituted by sovereign governments, but the executive branch of our Government has at least tried to meet this situation. The legislative branch of the Government should follow the example. The situation will be met if legislation outlined in this bill before us is enacted into law.

It may be feared by some that the rights and privileges herein granted may be abused through the enhancing of prices, the suppressing of competition, or discriminatory practices. Similar fears were entertained by some Members of Congress when the Webb-Pomerene Export Trade Act was under consideration on the floor of this House. The fears then expressed by the opponents of that legislation have been proven not to be well founded. That will likewise be the case if this bill becomes a law. The moment one of these associations enters into any agreement enhancing prices, substantially lessening competition, or resorts to discriminatory practices, that very moment that association and its members become amenable to the antitrust laws.

If it is the duty of our Government to protect its citizens from exorbitant prices and other exactions of domestic monopolies, it is likewise its duty to at least permit its own citizens to so associate themselves together as to prevent foreign monopolies from doing the same thing. That is what this bill does. That is its purpose. That is the extent to which it can be used.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. NEWTON. May I have just one more minute.

Mr. DYER. I yield to the gentleman one minute.

Mr. NEWTON. This is a fascinating subject. If I had had more time I would have been glad to yield to further interruptions. I want also to express my appreciation of the work that the Committee on the Judiciary and its distinguished acting chairman [Mr. DYER] have done upon this measure. And, Mr. Chairman, in conclusion I again say this bill is so safeguarded as to prevent its being used to enhance prices, discriminate among buyers, to store unreasonable stocks of the commodities mentioned, or to in any other way unduly lessen competition or be in restraint of trade. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman, an examination of the hearing before the Judiciary Committee discloses that the purpose of this bill is to authorize the formation and operation of a monopoly for the purchase of crude rubber. At least, apparently, that is the primary and controlling purpose. Potash and sisal are mentioned, but they are present in this bill as traveling companions to help rubber over the rough places in the journey. There is also the blanket provision embraced in the language "or other raw materials or products of nature."

Rubber was quoted yesterday at 21 cents per pound. The testimony before the committee fixed a price at around 36 cents per pound as a fair price. This bill is present here, therefore, at a time when rubber is around 15 cents per pound under a fair price. You read the significant item in the paper this morning as to the abandonment of the pool. This is a rather remarkable bill under all the circumstances or any circumstances.

To the extent that corporations are permitted to organize and carry on under the provisions of this bill they are exempted from the act of July, 1900, entitled "An act to protect trade and commerce against unlawful restraint and monopoly," and also from the provisions of the revenue act of 1894, as amended by the act of February, 1913. The character of associations defined in the bill are not only permitted to organize for the purposes specified, which would not be permitted under existing law, but other corporations are permitted to own the stock of the importing corporation. There is no doubt about the purpose to create a monopoly for a specific purpose, it is admitted. The Federal Trade Commission is given jurisdiction, and it is provided if such commission believes the law is being violated, it may summon the association under suspicion for investigation. If the commission finds the law is being violated, the offender is not prosecuted but is told how to carry on its business within the law. If it does not profit by good advice, the matter is turned over to the Attorney General.

This bill proposes to authorize the organization of a monopoly for a specific purpose. Now, gentlemen of the House, you can not and we can not profess to be ignorant of the fact that when a monopoly is created, when organizations for monopolistic purposes are permitted, legislation is powerless to limit the scope of the monopolistic activities. No man on the floor of this House can pretend not to know that. We can write limitations into law; but we can not prevent them, when they get together in their conferences, from determining and exercising a broader monopolistic power. That danger ought not to be incurred certainly where necessity does not exist.

Mr. DYER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DYER. The gentleman knows that we enacted the export provisions. How does that differ from this and from the principle of which the gentleman now speaks?

Mr. SUMNERS of Texas. I think there is a difference, but suppose there were no difference? Suppose we have gone a long way in the wrong direction. I do not say we have, but let us assume it. Does not that suggest to wise men that they should the more quickly turn about? Suppose I voted for that bill, what difference does it make? The only consistency worthy of any man's aspirations is that each time when he comes to act he have the will to advise himself with regard to what his duty is then under then existing circumstances and have the courage to do it.

Mr. MICHENER. If the gentleman will permit, I would like to commend to the gentleman his speech made on the floor of this House when the Webb-Pomerene Act was up—his speech in favor of the general principles of the bill. It was quite convincing to me.

Mr. SUMNERS of Texas. Of course, if I spoke at all it was a good speech, but I do not want to quote it now.

Mr. BOWLING. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BOWLING. Was not the purpose of that legislation to prevent a monopoly while the purpose of this legislation is to create a monopoly?

Mr. SUMNERS of Texas. Yes.

PRESENT LOW PRICE OF RUBBER

The alleged justification for this proposed legislation is that rubber is produced and sold under monopolistic conditions. But as stated, the bill comes before this body for approval at a time when the price of crude rubber is 15 cents per pound below what the advocates of this bill agree is a fair price, and the movement which resulted in excessive prices seems to have broken under the weight of the condition which those prices created. It must be agreed that this bill violates our general domestic policy with regard to monopolies. It establishes a dangerous precedent in international commerce. No Members of Congress coming from sections of the country which produce exportable surpluses can fail to appreciate the possible consequences of the following abroad of the precedent which this bill would establish.

Mr. NEWTON. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. NEWTON. Of course, that is the existing law with reference to the Webb Act.

Mr. SUMNERS of Texas. I do not care whether it is existing law or not. We are considering this law, and if it is not right it is not right, and a bad precedent does not justify another bad precedent.

Mr. STOBBS. Will the gentleman yield?

Mr. SUMNERS of Texas. Not just now. I will yield in a moment.

DANGER TO COTTON DISTRICTS OF SUCH A PRECEDENT

Now, gentlemen, in my judgment, if we embark upon this policy of government, we are going to have to meet it. There is no justification for it. With rubber 21 cents a pound, what are we doing it for? In the name of common sense, what are we doing it for? You men from the cotton districts; you men from the grain districts; you men from the wheat districts; you men who live in territories producing exportable surpluses—what in the name of common sense are we establishing this sort of precedent in international commerce for?

Mr. DYER. Will the gentleman yield?

Mr. SUMNERS of Texas. I will yield in a minute.

In what situation will the Government of the United States be if the nations abroad combine to buy American wheat or American meat or American cotton? Will we be in a position to go to the State Department and ask it to make representations of protest to the European countries engaging in this trust or monopoly for the purpose of purchasing? What shape

will we be in when we protest against action with regard to which we have set the first precedent? You want to think about that, gentlemen. I can not understand this insistence upon this bill in the present situation.

I can understand the reason gentlemen might have had for advocating legislation of this sort when the price was at its peak; but when we see, as a matter of fact, not of theory, that this artificial price of which gentlemen complain has broken down under the weight of the conditions which it has created, with the reason for the legislation gone, I can not see how we as intelligent people, with our constituents producing vast exportable surpluses and interested in maintaining competitive purchasing conditions in the world, will come here and establish a precedent of organization to buy. I can not get it—I do not understand it.

At first I had some inclination to support this bill, having in mind the background of this experience, but the more I looked into it the more dangerous I appreciated the precedent would be. The more I looked into it the more I discovered the lack of necessity or justification for this legislation.

I now yield to the distinguished gentleman from Missouri.

Mr. DYER. The gentleman speaks altogether of rubber and of the legislation as affecting rubber users. The gentleman, I am sure, will recall the testimony of Mr. Lewis J. Taber, national master of the National Grange——

Mr. SUMNERS of Texas. Yes; I overlooked that.

Mr. DYER (continuing). Who claimed before the committee that he represented over 800,000 people, and here is a part of his language before the committee:

> The farmers are more interested in this legislation than any other group in the Nation.

WHERE REPRESENTATIVE RESPONSIBILITY LIES

Mr. SUMNERS of Texas. I forgot that, and I want to thank the gentleman; but I want to say this: I am the Representative responsible on the floor of this House for the governmental policy affecting the farmers of my country and I am representing them now better, I think, than Mr. Taber represented them before the Judiciary Committee of the House. [Applause.] I do not question his motives, but when Mr. Taber, representing people producing grain and meat and those commodities where it is of first importance that free, open, competitive conditions exist in the markets of the world, comes here and wants to establish a precedent as an aid to rubber, a precedent that he will have to face and that his Government will have to face, if we establish it, what can we say——

Mr. DICKINSON of Iowa. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DICKINSON of Iowa. Is it not probable that the National Grange leader was thinking more of potash and sisal than he was of rubber when he presented his testimony?

Mr. LAGUARDIA. He talked chiefly about rubber.

Mr. DICKINSON of Iowa. He knew less about them, probably. [Laughter.]

Mr. LAGUARDIA. Exactly.

Mr. SUMNERS of Texas. I think, with all respect, that at that particular moment he was just talking, not thinking. [Laughter.] He was not thinking deeper than the surface of the situation. He did not see the possibilities which must arise in the commerce of the world when his men knock at the door of the world for the opportunity of free, competitive bidding for their products.

I yield to the gentleman from New York.

Mr. LAGUARDIA. I was wondering about Mr. Taber appearing in his representative capacity for 800,000 farmers and was wondering if this is the relief he is going to give the 800,000 farmers he says he represents.

Mr. MICHENER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MICHENER. The gentleman also recalls that the American Farm Bureau Federation, who gave considerable study to this matter, did not appear by personal representative but filed a written argument in favor of the legislation in behalf of the farmers, which argument is included in the printed hearings.

Mr. DYER. Also the Secretary of Agriculture.

Mr. SUMNERS of Texas. Well, I will admit everybody appeared then. I do not mean to be discourteous——

Mr. MICHENER. Just one other thought in that connection. Is it not true that when the Secretary of Commerce was before the committee advocating this particular legislation, he said the enactment of this law would not of itself put into effect the pool or combination and that it was his judgment that with legislation of this kind on the statute books the conduct of the English in reference to rubber might be such it would never be necessary to put into force this very piece of legislation.

Mr. SUMNERS of Texas. Now let me submit this to the judgment of the House. Assuming that the position of the Secretary of Commerce was correct, that it would not be necessary to put it into operation, when we confront a situation where the legislation clearly is not necessary in order to bring the relief then desired, does not the same common sense which actuated the Secretary of Commerce in his suggestion then warn us against this unnecessary procedure?

Mr. STOBBS and Mr. RAMSEYER rose.

Mr. SUMNERS of Texas. I yield to the gentleman from Massachusetts, a member of the committee.

Mr. STOBBS. The gentleman says the legislation is not necessary; is it not the fact that rubber was selling at $1.21 a pound until the association was formed, illegally, we will say, and that stabilized the price of rubber so that it went from $1.21 down to forty-odd cents a pound and only varied throughout the whole year of 1927 9 cents a pound. Is not that true?

Mr. SUMNERS of Texas. No; that is not true. I think this is true; I think when they put the price of rubber so high they stimulated production to the point where the market broke under the weight of accumulated production. [Applause.]

Mr. RAMSEYER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. RAMSEYER. Speaking of setting a precedent, will the gentleman tell us about the existence of buying pools in foreign countries?

Mr. SUMNERS of Texas. I know of no buying pools internationally.

Mr. RAMSEYER. Not international pools, but buying pools in foreign countries. This would not be an international pool. What does the gentleman know about the existence of any buying pools in other countries?

Mr. SUMNERS of Texas. I do not know anything about it; I imagine there are some, but none sufficiently comprehensive to affect the price of American commodities. [Applause.]

The Congress should stop in this matter where it is, reserving to itself, of course, its future action dependent upon future developments. This bill reaches very deeply.

MONOPOLY OFFENDS BASIC POLICIES

Aside from the international trade aspects there are certain basic policies which have come to be recognized as essential to the operation of our kind of government against which the bill offends. Among them are that the individual may do whatever is not prohibited by the regularly enacted law of the land, and whatever is prohibited he may not do. The effect of this bill would be to change that and send the individual not to the public statutes but to the Secretary of Commerce as the permissive or prohibitive power of the land. In so far as it goes, it is a substitution of personal government for institutional government. On the other hand, if there should in fact not be a selling monopoly abroad the law enforcement officers of the Government could not proceed against a monopoly organized under this bill if the person in office, the Secretary of Commerce, had issued the certificate, regardless of the facts. It is the certificate of the Secretary of Commerce or its absence which is to determine private rights and public powers.

This power and the method of its exercise is strikingly similar to that which kings formerly exercised through what was known as orders in council. History establishes that it is the nature of such a power to lead to the most extraordinary abuse. When the people through the House of Commons made an end of such government they achieved what students of government agree was a victory of first magnitude in the development of what we call democratic or free government, where the people are governed by laws publicly enacted by duly constituted legislative agencies, and which are construed and applied according to fixed forms and rules of procedure by a duly constituted judiciary. This bill advances bureaucracy one more step toward its absorption of governmental power. It has also been our policy to oppose monopolies.

It is contended that modern conditions require an abandonment of this policy. When we do, we abandon our plan of government. Let us not deceive ourselves. Our sort of government can not be adjusted to a condition of monopolistic control. It is not possible to preserve democracy in government if democracy in business opportunity is destroyed by monopoly. We take our choice. If we do become monopoly controlled in industry, business, finance, and in other respects there can be but one or two results. There will develop either a sort of business socialism through the distribution of shares of stock in those monopolies, or business feudalism, great business overlords to which others owe business allegiance and business loyalty, or a development having the characteristics of both. In either event, government will take on the characteristics of that control. It is inevitable. That is what is taking place now. Chain stores, chain theaters,

chain banks, power control, chain newspapers, monopoly developing everywhere, consolidation going on everywhere.

CROWDING OUT THE LITTLE MAN

These are crowding out the little man, the yeoman of trade and industry, the cottager of the small establishment where independence of business gives that independence of spirit without which free institutions can not exist and where final responsibility and self-guided effort make for the development of those elements of manhood and of character which alone can keep vital the constitution of a self-governing people. Those who are pressing this movement are not true friends to their own interest. They are getting the country ready for a great swing back. There is no justification for the notion that the people are going to surrender the liberty of opportunity or the present form of government. Its constitution is too deeply rooted in the governmental concepts of the people.

THE PENDULUM WILL SWING BACK

The thing which is happening now has not infrequently occurred during the almost two thousand years of the history of our system. It is the phenomenon of the swinging of the pendulum. The pendulum is going the other way now. The Bible speaks of people who have ears to hear but hear not, and eyes to see but see not. Men in great position in government, captains of industry, they have ears but hear not the warnings of history, they have eyes but they see not the danger when the swing back comes. They heed not the law of nature which every country boy can see manifesting itself through the old grapevine swing, and which students of nature know is a law universal, operating everywhere. King John went far, and when the swing back came it rested at Runnymede. From Charles and his predecessors came the Petition of Right; from James II, the Bill of Rights; from William, the Act of Settlement; and from George III and his Parliament came the Declaration of Independence. Louis XIV and his successors swung the pendulum far, and it swung back into the blood of the French Revolution. From the Czars of Russia and their advisers bolshevism came. The incompetence and excesses of the socialists of Italy are responsible for Mussolini.

Just now there is no protest against monopolistic development and no caution on the part of those engaged in such development—none whatever. It is remarkable. I have no prejudice. I have no envy of the vastly rich. There is no danger from the reds. They can originate nothing. Private fortunes can be imperiled in this country only by those who possess them. This Government can not be put in danger by the soap-box agitator. It is only from within that it can be destroyed. Queer notions are in the heads of the people. Less than six months ago the publisher of a great periodical said to me he wished we had a Mussolini for about 10 years in this country. We are moving fast toward the crisis. Nobody can forejudge it. There may come upon the scene some outstanding figure who in the midst of chaos shall seize power from incompetent hands. I do not believe it. I believe we will come through the crisis, whatever it may be, and adjust ourselves through ordinary and orderly processes. There has never been a Mussolini or even a Napoleon in Anglo-Saxon history. There was a Cromwell, however. This bill is not in itself of sufficient importance to justify what is said, but it points the way in which we are moving. Its presence here is a fit occasion for us to pause and consider our present road and its destination. The time has come when in the spirit of patriotic purpose, while we can be calm and deliberate and without prejudice, we should stop, locate our position, look again at the star of our destiny, and read the compass. In the early constitutional conventions, beginning with the Virginia convention to which men came with that yearning for liberty which only tyranny can give, and with that profound wisdom which comes only from deep meditation, they declared a great truth in these words:

Frequent recurrence to fundamental principles is absolutely necessary to preserve the blessings of liberty.

NATURE'S LAWS MUST BE RESPECTED

Nations are not accidents. They have been provided for in the big economy. They are living things; the laws of their nature must be respected by statesmen just as the physician, the farmer, the builder, and all others must respect the laws of nature governing that with regard to which they have to do. Monopolies, the destruction of democracy in business opportunity, the destruction of independence of spirit which comes from independence of position, is against the nature of our sort of government. No change in conditions can change this. It is fixed in the nature of things.

These are fundamental things. This bill offends against them at too many points to warrant legislative sanction. Let us enumerate them. It provides for the creation of a monopoly. It substitutes personal for institutional government. It sends the individual to an administrative official for permission to act within the scope of a legislatively declared public policy. It makes it possible for the arbitrary—not reviewable—act of a person to cut off the law-enforcement officials from the enforcement of those basic public policies which have been legislatively fixed. It increases bureaucracy. It endangers us to similar retaliatory measures to which danger there is no justifiable excuse for our exposing ourselves.

Mr. DYER. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. WELLER].

Mr. WELLER. Mr. Chairman and members of the committee, I find myself with reference to this bill ready to support it and yet leaning very deferentially to the gentleman as a lawyer and leader of my party in the Judiciary Committee, the gentleman from Texas. I always like to follow the leadership of the gentleman from Texas on questions of law, and I usually do, but I can not follow him on this occasion.

The charge is made that this bill is made to enact a monopoly, or, in other words, to stimulate and create a monopoly. That is not the purpose of the bill. There is no monopoly at present in this country of any nature or kind or description of the three articles mentioned in this bill.

A very serious question has arisen, however, outside of this country where these three articles are produced, as to what shall actually constitute in these three countries the right of the American business man to go into those countries and receive fair play from the governmental control or governmental system. The Stevenson scheme is not approved exactly by Parliament or the legislative assembly, but is approved by the bureaucrats and those in charge of the colonial office.

When we take a particular product like rubber or sisal or any other raw material as this bill provides, which the Secretary of Commerce may on the presentation of evidence have cause to believe is a material requiring concentration of purchase as here in rubber we are met by a monstrous bureaucracy that extends all the way from London to the British East Indies.

London decreed that there should be a restriction of planting and production of rubber trees; that the acreage should be concentrated and limited, so that the British dealers in London could hold up, if you please, the American market.

The East Indies produced about 70 per cent of the entire rubber of the world, and 75 per cent of the rubber of the world, approximately, is used by American manufacturers, so that practically all the rubber produced by East Indies by the planters or farmers comes to this country. Now, the vital necessity of this legislation is indicated, as it is in the hearings, that over $900,000,000 of rubber each year is consumed in automobile tires and accessories, rubbers, and overcoats in the United States—over $900,000,000 each year within the borders of the United States. So that if there be a fluctuation of 1 cent a pound in the price of rubber it means $9,000,000 to the American public.

Mr. LAGUARDIA. If the gentleman will yield, rubber went down 12 cents a pound.

Mr. WELLER. I will come to that. Here we have what is known as the Stevenson restriction plan, which has permitted in the past three years the state of business that I have suggested, where the difference of 1 cent a pound makes a difference of $9,000,000 to the American people. Instead of calling this a restriction plan of Sir James Stevenson it should be called a robber plan, because it tends directly to affect and rob the American people.

The same system of organization of the bureaucracy of limiting rubber exists in Yucatan and Mexico in reference to sisal and exists in Germany with reference to potash.

So we have three bureaucratic commodities restricted by foreign governments brought to this country which are of vital necessity.

The question so aroused the general community in making the price that England through her Prime Minister has announced that they expect to abrogate this robber rubber plan on the 1st of next November.

What is the necessity for this legislation? The necessity is simply this, that it takes, first, seven years to grow a rubber tree, and, secondly, there is no other place in the world where we can, with practicability, produce rubber except in the East Indies. Surely, we have enough rubber now if we have 100 per cent production in the British East Indies to supply the rubber market of the world, and at a low price. If, perchance, there should be a change of prime minister, and there may be, we would probably go right back and the rubber market of the world would be controlled by England again, and the price of rubber would shoot right up, maybe to $1.20 a pound again, and the American public would be paying the freight.

What is this so-called Stevenson plan? The Stevenson plan applied only directly to two of the colonies of Great Britain, Ceylon and British Malaya. The other two, Burma and Borneo, possession of England, just follow along, as it were, played along and adopted through their legislative assemblies the same program. In the years that we have been using rubber we find that practically all of the rubber has been what is known as jungle rubber, growing out in the woods, requiring no cultivation. Until 1905 there was no necessity to cultivate rubber, because it grew right out in the jungle, but as the necessity in the automobile construction and other phases of business activities continued then it became necessary to actually cultivate rubber. We find that the cultivation of rubber ran from 174 tons in 1905 to 286,000 tons in 1924, 565,000 tons in 1927. This plantation rubber, under British restriction, grew to be a monstrous industry, but in that industry never at any time did the men of the Dutch East Indies, the far-seeing Dutch merchants, participate in any way directly or indirectly with the rubber industry of England. The result was that England was putting a law, through her Colonial Secretary, on the books of the legislative assemblies of outlying possessions, which was being followed and had to be followed by her subjects, but not by the Dutch, restricting the production of the acreage on the one hand for English possessions, while the Dutchman on an island within 100 miles and within the rubber areas, was not bound by the English restriction at all. England, if you please, was holding the bag for the Dutch East India merchants, and they waxed fat and grew rich. The Dutch East Indies did not produce rubber until 1911, and in 1922, when the British restriction act first went into effect the British produced 271,000 tons, and the Netherlands produced 102,000 tons, while in 1927 the British produced 322,908 tons and the Dutch 227,893 tons. In 1928 the ratio will run along about the same. The Dutchmen were and are planting about 100 per cent production to the acre.

The mere fact that the Stevenson plan is eliminated, possibly as of November 1 next, which may or may not be followed, does not guarantee and offers no protection whatever to the American business man and the American dealer unless he be permitted to combine with his fellows and bargain collectively in the open market at a price that is fair and agreeable.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. WELLER. Yes.

Mr. CELLER. I understand, therefore, that the operation of the Stevenson plan had the effect of bringing out the Dutch East India rubber; that is, it had the effect of increasing the supply. Did not that have the effect of reducing the price of rubber?

Mr. WELLER. No; because the Dutchmen of the East Indies do not necessarily go through the markets of London, and are not controlled in their prices through the markets of London; they sell directly to the United States. The Dutchmen have produced at less expense a greater acreage, and they have produced what is equivalent of 100 per cent production, whereas the Englishmen have produced only to the extent of 50 per cent of the acreage.

Mr. CELLER. Will the gentleman put in the RECORD the various prices of rubber from 1921 down?

Mr. WELLER. Yes.

Mr. STEVENSON. Will the gentleman explain to us why the price has gone down so?

Mr. WELLER. The price has gone down simply because of the shrewd business buying of men in this country, and by virtue of "fighting fire with fire" they have been forced to use their brains and wit and ingenuity in order to buy at the proper time, and it may be that they have had to hold their stocks in warehouses or on spot deliveries or future deliveries. It has been judicious buying that has protected the American business man.

Mr. STEVENSON. And is not the best way to manage business to let these business men manage it and not have the Government interfere?

Mr. WELLER. I quite agree with the gentleman that the business men ought to be permitted to manage their own business, but when they are trying to do that and we have a law on the statute books which would possibly subject them to penalty and forfeiture when they are not intentionally violating any law, we should legalize their acts in order that they may act for and in behalf of their own business.

Mr. MICHENER. Does not the gentleman think that the fact that this rubber pool, so to speak, operated by business men, has not acted in any way in restraint of trade, in so doing has brought about the condition that we find to-day so far as the price of rubber is concerned?

Mr. WELLER. I think that is true. I think that is a fair statement. That business has been conducted by men who have been actually forced to the wall and compelled, as I said before, to fight fire with fire. If we find now that by their combination with reference to prices in foreign countries they are violating the law of this country, then we are placing a serious handicap upon the business of our country if we do not correct that situation. Now, we have provided here under the terms of this bill an elastic proposition.

Under the terms of this bill if the Secretary of Commerce finds, upon a proper showing, that the industry is affected—the Webb-Pomerene law then might possibly affect these men and subject them to a penalty or a forfeit—under the terms of this bill they would be permitted upon the proper presentation, under Government regulation, to continue business, and if they violated, as the gentleman suggested, the terms of the Webb-Pomerene Act, then they would not be subject to criminal prosecution.

Mr. LOZIER. Mr. Chairman, will the gentleman yield?

Mr. WELLER. I yield.

Mr. LOZIER. Appropos of your suggestion that the Dutch marketed their rubber not through London but through America and other ports of the world, is it not true that in the year 1922 our imports from the Dutch East Indies were 92,000,000 pounds, and in 1926, 156,000,000?

Mr. WELLER. They speak of it in tons.

Mr. LOZIER. The Dutch have practically doubled their imports into the United States since the Stevenson Act went through.

Mr. WELLER. That is true, and they have crept up on the British almost 60 per cent in one year.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. WELLER. Yes.

Mr. MICHENER. That has been since the American purchasing power has united?

Mr. WELLER. Yes.

Mr. WAINWRIGHT. Mr. Chairman, will the gentleman yield?

Mr. WELLER. Yes.

Mr. WAINWRIGHT. Is not one purpose of this bill to legalize the existing rubber pool or combination?

Mr. WELLER. That is not the purpose of it. However, you are stating it as many others would state it. These men, as I said, are fighting fire with fire, and in so doing they are coming under the criminal provisions of the Sherman Antitrust Act or the Webb-Pomerene Act.

Mr. WAINWRIGHT. They are not doing anything as to which their right might be questioned?

Mr. WELLER. That is correct, but it may be.

RUBBER

Rubber is financially the greatest and most important product we now have to deal with, but in no other case is there so clear a division between the producer and consumer along national lines. Rubber has a close rival in Brazilian coffee, but after all British rubber stands preeminently above all import products.

Prior to 1920 crude rubber sold in the United States at a price between 20 and 30 cents per pound, and practically all of the crude rubber was jungle grown, there being practically little or no cultivated rubber.

During the war great quantities of rubber were acquired by the United States and when the war ceased this great supply and overproduction was placed upon our doorstep by the British Government.

In 1905 the total amount of plantation rubber was about 174 tons, while the total wild, tropical, and jungle production was 59,320 tons. As rubber began to be cultivated it was found that Sumatra and Java and the British possessions of Malaya and British islands were the most fertile, and experimentation disclosed that rubber could best be produced within 10° of either side of the Equator. In the year 1920 the total plantation of rubber had increased from 174 tons to 304,671 tons, while tropical, wild, and jungle production fell off from 59,320 tons to 36,464 tons, and it is fair to say that this ratio for all practical purposes could be continued.

In 1922, however, the British Government saw that there was destined to be a large production of the supply of rubber, which would tend to decrease its price, and that the supply would be so great that the demand for crude rubber would necessarily cause a depression of rubber prices. The British Government decided that instead of permitting the British possessions to produce all of the rubber that a plantation could cultivate that the cultivation of trees and harvesting of crops should be defined and restricted. Hence came the so-called "Stevenson scheme."

The British Parliament passed an act wherein the local government officials of the country were directed to administer the law, and a set standard was attempted to be fixed on the productions of all states of the particular territory or part thereof. Price levels were arbitrarily fixed by the terms of this act, with

a fixed schedule based on London prices. The acreage and trees were subject to inspection and heavy penalties were set up for infractions or false disclosures, and the act provided that every estate under the British flag would be restricted by law to 60 per cent of its production.

The restriction act had the effect of reducing the output of the plantations to 60 per cent of the production, and this figure is based upon a term of eight months, so that the percentage of production will not be increased for several months to come.

This 60 per cent restriction will remain at this figure until rubber reaches the price of 42 cents a pound or more for a period of nine consecutive months from February 1, 1928. Should, however, the price of rubber reach 48 cents a pound for any three consecutive months, then the restriction provisions would be increased to 70 per cent of the output, and should the price of rubber remain at 75 per cent for three consecutive months the restriction figure would be lifted to 100 per cent. Following that, however, should the price of rubber fail to maintain the 42 cents for any consecutive period of three months, the restriction would be immediately restored.

At the period between November 1, 1919, and November 1, 1920, the basic price of rubber was fixed at 1 shilling 6 pence, or about 36 cents per pound, and it was provided that if the prices of rubber exceeded 30 cents a 5 per cent increase would be available every three months, so that 100 per cent production of the acreage was only available when the prices reached 75 cents. In other words, the production of a crude rubber plantation could only equal the harvest of the production of the year November 1, 1919, to November 1, 1920.

Year	British Empire output of plantation rubber	Selling value	Net profits	Approximate area in bearing	Approximate profit per acre
	Tons			*Acres*	*L. s. d.*
1909	4,318	$3,000,000	$2,150,000	40,000	53 15 0
1910	8,406	7,000,000	5,350,000	95,000	56 6 0
1911	14,456	7,200,000	4,350,000	150,000	29 0 0

The Stevenson committee estimated that the world's consumption of rubber for the ensuing years of 1923 would be approximately 330,000 tons, of which the British could produce 151,000 tons or 60 per cent of the total production of 262,000 tons, the Dutch could produce 64,000 tons, and all other countries 25,000. The world's output of plantation rubber was distributed among the producing countries in the following proportions:

	Per cent
Malaya	57.5
Ceylon	12.5
South India and Burma	2.0
Dutch East Indies	25.5
Other countries	2.5

At the time that the Stevenson Act took effect, rubber was selling in New York for about 20 cents per pound, London price, plus 3 cents per pound to get it here in New York tariff free. As soon as the act took effect, the price of 30 cents per pound being called the "fair price," the price in New York immediately jumped to 37 cents per pound and finally, as the act took effect, the prices shot up to 87 cents a pound and finally $1.20 a pound.

A simple illustration will disclose a tremendous cost to the American people, for more than 70 per cent of the rubber production of the world is under the control of the British Empire and the American people consume 75 per cent of this amount. In 1926 the American people spent $900,000,000 in buying rubber tires and automobile accessories of rubber so that the charge of 1 cent per pound on the price of rubber means a difference of $9,000,000 to the American people. A saving of 1 cent per pound to the American people, who are the largest dealers, operators, and users of automobiles in the world, means a tremendous saving and conservation of our wealth. The automobile not only as a pleasure car but on the farm and in business has come to stay and is a fixed method of transportation at least for several decades to come. The price of crude rubber as a result of the Stevenson plan shot up in a spectacular degree and at the expense primarily of the American public. We not only pay the freight but we pay for the upkeep, management, and harvesting of the British crops of crude rubber.

Shortly after January 1, 1928, current newspaper reports indicated that the British Parliament would abrogate and, in some way, terminate the Stevenson restriction plan. On April 4, 1928, Prime Minister Stanley Baldwin announced in public press the Stevenson scheme would be suspended on November 1, 1928.

The inequity of this plan is apparent, and the tremendous hardships that it has worked against the American people are disclosed, but if the ban is lifted at this time it will take several years at least before the American public can get any relief. Since 1922 not only the sales, but the trees, harvest, labor, machinery, everything has been based upon a 60 per cent production and in a measure the British Island has adjusted itself to this schedule.

It takes seven years to plant and cultivate a rubber tree before it begins to bear fruit. The danger has already been done and substantial relief can not be felt until the greater part of seven years has passed, and then we must assume favorable climatic and favorable soil conditions.

What the American people want now is relief as soon and as early as possible. The American people have protested against the Stevenson plan. The matter was discussed in the Congress of the United States on December 19, 1925, H. R. 59, page 1214, of the CONGRESSIONAL RECORD of the Sixty-ninth Congress, and a resolution was adopted providing:

That the well-being of the American people was seriously threatened by the control of the supply of rubber resulting in the excessive prices wholly unjustified by the normal laws of supply and demand.

The following are tables taken from the congressional hearing before the Interstate and Foreign Commerce Committee 1926:

World production, plantation and wild rubber

	Total plantation	Total wild (tropical America and Africa)	World production		
			Total	Plantation	Wild
	Tons	*Tons*	*Tons*	*Per cent*	*Per cent*
1905	174	[1] 59,320	59,494	0.3	99.7
1906	577	62,004	62,581	.9	99.1
1907	1,157	66,013	67,170	1.7	98.3
1908	1,796	64,770	66,566	2.7	97.3
1909	3,386	70,370	73,756	4.6	95.4
1910	7,269	73,477	80,746	9.0	91.0
1911	14,383	68,446	82,829	17.4	82.6
1912	30,113	73,834	103,947	29.0	71.0
1913	51,721	63,280	115,001	45.0	55.0
1914	73,153	48,052	121,205	60.4	39.6
1915	114,277	54,740	169,017	67.6	32.4
1916	158,993	51,086	210,079	75.7	24.3
1917	221,187	56,751	277,938	79.6	20.4
1918	180,800	36,711	217,511	83.1	16.9
1919	348,574	50,424	398,998	87.4	12.6
1920	304,671	36,464	341,135	89.3	10.7
1921	276,746	23,903	300,649	92.0	8.0
1922	378,232	27,878	406,110	93.1	6.9
1923	379,738	[2] 26,685	[2] 406,423	93.4	6.6
1924 [2]	386,703	28,000	414,703	93.2	6.8

	Total plantation	Total wild	Total
	Tons	*Tons*	*Tons*
1925	488,532	39,026	527,549
1926	583,730	40,315	624,045
1927	565,600	44,400	610,000

[1] Excluding Venezuela. [2] Estimated.

This table shows that whereas, in 1905, 99.7 per cent of the rubber produced was wild rubber, during the last year given less than 7 per cent came from wild rubber sources. That shows clearly that the rubber of the world is now a matter of cultivation and plantation.

This table also shows the growth or total rubber production from 50,000 tons in 1905 to 414,000 tons, even under restriction, in 1924.

Now, the planted rubber industry is located in the Middle East, chiefly in British possessions, and I submit to the committee a table showing the location and production of the planted industry.

Production (net exports) of plantation rubber, total, Middle East

Years	British possessions					Netherland India	French Cochin China	Grand total, Middle East	British share of grand total
	Ceylon	British Malaya	India and Burma	British Borneo	Total British				
	Tons	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*P. ct.*
1905	70	104			174			174	100
1906	145	432			577			577	100
1907	250	905		2	1,157			1,157	100
1908	390	1,402		4	1,796			1,796	100
1909	681	2,698		7	3,386			3,386	100
1910	1,522	5,713		34	7,269			7,269	100
1911	3,061	10,895	332	95	14,383			14,383	100
1912	6,628	20,540	643	277	28,088	2,025		30,113	93
1913	11,325	33,213	1,040	608	46,186	5,535		51,721	89
1914	15,336	46,430	1,343	883	63,992	8,970	191	73,153	87
1915	21,787	70,516	2,161	1,631	96,095	17,811	371	114,277	84

Production (net exports) of plantation rubber, total, Middle East—Contd.

Years	British possessions					Netherland India	French Cochin China	Grand total, Middle East	British share of grand total
	Ceylon	British Malaya	India and Burma	British Borneo	Total British				
	Tons	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*P. ct.*
1916	24,334	97,837	2,781	3,058	128,010	30,443	540	158,993	81
1917	32,290	134,788	3,992	4,312	175,382	44,889	916	221,187	79
1918	20,665	107,691	4,377	4,193	136,926	43,345	529	180,800	76
1919	45,010	199,545	6,554	6,375	257,484	88,189	2,901	348,574	74
1920	39,532	174,322	6,376	5,851	226,081	75,522	3,068	304,671	74
1921	39,342	151,001	5,305	5,311	200,959	72,227	3,560	276,746	73
1922	46,694	212,380	4,854	7,661	271,589	102,171	4,472	378,232	72
1923	37,111	183,812	6,417	10,094	237,434	137,158	5,146	379,738	63
1924	37,338	152,320	7,161	8,208	205,027	175,298	6,378	386,703	53

Years	Ceylon	British Malaya	India and Burma	British Borneo	Total British	Netherland India	French Cochin China	Grand total
	Tons	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*	*Tons*
1925	45,109	210,915	10,082	15,131	281,237	193,589	7,881	482,707
1926	58,962	282,200	9,874	16,286	367,322	203,634	8,203	579,159
1927	55,356	239,000	11,321	17,231	322,908	227,893	8,645	559,446

Siam:	
1925	5,377
1926	4,028
1927	5,472
Grand total	14,877

That table shows that the planted industry is producing today—produced in 1924, as I stated—about 93 per cent of the rubber. Of this plantation rubber approximately 70 per cent of the plantations are located within the British East Indies. The actual production during the last two or three years does not bear out that percentage of production because of the restriction in the British area and therefore the enlarged ratio of production in other areas.

The acreage involved in the industry and its distribution is shown in the following table:

Area planted and tappable[1], *total Middle East*

Countries	Total area planted[2]	Area tappable[3]
	Acres	*Acres*
Ceylon	445,000	423,000
India and Burma	124,000	119,000
Malaya	2,275,000	2,061,000
North Borneo, Sarawak, and Brunei	117,000	87,000
Total British	2,961,000	2,690,000
French Indo-China	86,000	68,000
Netherland India	1,249,000	1,092,000
Total other	1,335,000	1,160,000
Total Middle East	4,296,000	3,850,000

[1] Includes both European and native-owned rubber.
[2] To end of 1923.
[3] In 1924; 5 years old or over.

This table shows that at the present time the total area planted is about 4,200,000 acres and the amount in production is about 3,800,000 acres.

An investigation by the department at that time showed that the capital invested in the rubber plantations in the whole of the Middle East, which involves the Dutch and other possessions as well as the British, amounted to $876,000,000. That was not the capitalization of corporations, but was an estimate of the actual capital invested. The report further shows the cost of production. I will not take time to read that section of the report, but include it in the record at this point.

The report is as follows:

CAPITAL INVESTMENT

Following is an approximation of the capital invested in rubber plantations in the Middle East and its origin, stated in American currency:

Great Britain	$505,000,000
Netherlands	130,000,000
France and Belgium	30,000,000
Japan	42,000,000
United States	32,000,000
Shanghai	14,000,000
Denmark	11,000,000
All other, including native-owned areas	112,000,000
Total	876,000,000

THE LEGAL PHASES OF IMPORT TRADE

The bill H. R. 8927 seeks to amend the export trade act known as the Webb-Pomerene Act so as to permit certain commodities of this country to make combinations for the purpose of buying certain raw materials under permit of the Secretary of Commerce. In other words the bill provides that the act shall be amended so that the provisions therein contained, relating to combinations for the purpose of export trade, may also applied in connection with import trade so that the export and import trade with respect to combinations and monopoly outside of the United States may be effectuated. In other words it is not illegal under the Webb-Pomerene Act to combine to procure prices or to fight monopoly abroad so long as the acts do not enhance prices within the United States nor discriminate in the sale of its commodities in the United States and do not effect a competition in the United States so that we may also protect American business which is compelled to buy commodities outside of the United States.

It is sought to provide in this bill that import trade which relates to crude rubber, potash, sisal, and other raw materials which are of a character not made, produced, or grown in the United States in sufficient quantities for the commercial needs of the United States.

Ample jurisdiction is given to the Secretary of Commerce in a proper case and when he has reasonable cause to believe that a monopoly exists outside the United States which requires collected and concerted action by American business and American consumers. The Secretary of Commerce is given the jurisdiction to make a finding that such monopoly exists if he has reasonable cause to believe from the evidence submitted to him that monopoly of production or prices exists to the detriment of the American business man. As an added security, the bill provides that if the Secretary of Commerce issues a permit for collective bargaining under the circumstances aforementioned, that such association shall be under his jurisdiction and control and that it will not be permitted to discriminate in certain commodities or to play with prices or accumulate unreasonable stocks of merchandise; and so, too, if the necessity for the permit ceases to exist and the monopoly abroad is dissipated and no longer exists, then the permit can be withdrawn.

In other words, the purpose of the bill is sought to give the same effect to import traders as are now had and enjoyed by export traders.

The act provides that the association for the purpose of combination can only be permitted by the Secretary of Commerce when the raw materials of products are not produced or grown in substantial quantities within the United States and are controlled by foreign-government combinations, thereby permitting a combination of American business men to act together and in concert for their protection for the purpose of importing such raw materials without the possibility of infringing upon the antitrust laws of the United States. It might be contended that without the aid of the proposed act that such a combination would violate the antitrust laws and subject the American business man to a violation of the laws of commerce, and such acts would make them liable to civil and criminal penalty.

SISAL

It is said that the plants, to form a plantation, should not be higher than 10 or 12 inches or even less.

Once a field is planted it may be practically left to itself, as there is probably no crop, except the castor-oil plant, which requires less care to bring it to perfection than sisal. At the same time a little care is needed at the outset until the plants are robust. No weeds should be allowed to grow and the suckers should be cut down. But the suckers are valuable for replanting purposes.

The length of the fiber is one important factor in its fitness for the market. The least length should be 2 feet 6 inches.

Once the plants have arrived at the cutting stage, no other labor is required in the field except the cutters and the carters. The cutting may be performed the year round.

About 80 per cent of the raw fiber used in the manufacture of binder twine in the United States is sisal and about 75 per cent of the world's production comes from Mexico.

Sisal, manila hemp, and New Zealand hemp mainly constitute what is called the hard-fiber group. They are to some extent interchangeable in use, but the superior quality of manila hemp renders it more suitable for rope making and the better qualities have always commanded a price premium for those purposes where greater tensile strength than that afforded by sisal fiber is required.

It takes seven years in Yucatan from the planting to the cropping of the plant, and the total output represents a half century

of hard work. In the northern part of Yucatan they can not raise anything but hemp. It is the chief industry. Seven-eighths of the population are devoted to the cultivation of this plant. This is the Government's only source of revenue. Yucatan has about 315,000 inhabitants and is one of the states of Mexico. It comprises an area of 26,000 square miles.

About 1902 the International Harvester Co. was organized and headed by Mr. Molina, who retired from business and went into politics, and became Governor of Yucatan and afterwards secretary of public works. He has been succeeded by his son-in-law, Mr. Montes, who is said to be the agent of the International Harvester Co.

Yucatan produces about 1,000 pounds of hemp per acre. The plants live about 25 years.

A commission was created in 1908 which provided what the price of hemp should be under the guise of extending the manufacturing of hemp throughout the State. The commission was authorized by the Legislature of Yucatan, which passed a law creating the commission. It is a government commission appointed by the governor and the members are removable by the government.

Hemp or sisal is used principally for binder twine for oats, barley, wheat, and so forth.

On January 8, 1915, the Congress of the State of Yucatan passed the first legislation contemplating a control of the sisal product. Yucatan gave its governor large powers in the creation and administration of a purchasing commission and to control the prices, and later the American banking group became active. During 1916 prices were advanced from 6⅝ cents per pound c. i. f. New York to as high as 14 cents per pound. These prices provoked much indignation in the United States, and a Senate inquiry extending from February to April, 1916, establishing the existence of a combination but resulted in no correction.

Sisal is used to harvest wheat, oats, rye, and barley in the United States. Previous attempts to grow sisal in the United States have been unsuccessful, and in 1922 it was tried in Florida.

Sisal is a tropical plant and can not live if the temperature falls to the freezing point at any time.

United States *v.* Sisal Sales Corporation of New York, October term, 1926, United States Supreme Court (274 U. S. 268)

The United States sought an injunction to prevent the Sisal Corporation from taking further action in pursuance of a combination said to be forbidden by the Sherman antitrust law and the Wilson Tariff Act.

The Sisal Corporation consists of three banking corporations, two Delaware corporations organized to deal in sisal, and a Mexican corporation which buys sisal from producers.

It is shown that the annual requirements of the United States are 250,000,000 to 300,000,000 pounds per annum and that Yucatan is the only place it can be obtained and that the price runs from 4 to 7 cents per pound.

The Mexican corporation, Commision Reguladora, was used as a buying cover and then came the collapse. The corporation disposed of competition in the trade and excessive prices were arbitrarily fixed.

The court held that the combination was illegal and sought to control both the machinery and the sale of sisal with combined monopoly of external and internal trade therein.

The United States complains not merely of the violation of their laws subject to their jurisdiction but something done by another Government at the instigation of a private party.

POTASH

Prior to 1919, Germany had little competition from American potash manufacturers. At that time American companies sprang up and Germany's monopoly became endangered. Nothing was done until 1921 when, because of increased production in Germany, 34 American manufacturers of fertilizers were forced to sign contracts with the German Kali Syndicate for the importation of potash to the United States. The potash industry in the United States was rapidly decreasing and things were made more serious on September 22, 1922, when potash was put on the free list. But potash had been discovered in western Texas and immediately potash production in the United States increased. By the end of 1922 production was slightly greater than in the preceding year.

In 1922, 12 plants produced 25,176 tons of crude material, averaging 45.6 per cent of potash. The average value in 1922 was 41 cents per unit (20 pounds). Even with the increase of 1922 production did not equal the record of 1919—four times the amount of 1922.

Value of American potash and tons produced, 1916–1924, of pure potash

Year	Short tons	Value
1916	9,720	$4,242,730
1917	32,573	13,980,577
1918	38,580	15,839,618
1919	45,728	11,271,269
1920	41,444	7,463,026
1921	4,408	447,859
1922	11,313	463,512
1923	19,281	784,671
1924	21,880	842,618
1925	25,802	1,204,024
1926	25,060	1,083,064

California in 1922 was the largest American producer of potash. Maryland was the second largest.

Imports—Mostly from Germany and Alsace and France

	Tons
1913	270,720
1914	207,089
1915	48,867
1916	7,885
1917	8,100
1918	7,957
1919	39,619
1920	224,792
1921	78,698
1922	201,415
1923	209,950
1924	200,365

Until 1915 potash came to the United States chiefly from Germany; from 1916 to 1920 from many different countries; and in 1921 to 1924 from Germany, France, and Belgium. In 1918 the United States Geological Survey was making advanced researches in Texas.

In 1924 Germany and Alsace regained their former monopoly by forming an agreement to operate on an established basis of cooperation in the sale of potash to the United States. It went into effect on May 1, 1924. At this time the Trona Corporation was the largest American manufacturer of potash. The prices at this time were $31.09½ to $35.55 per ton for 80 per cent muriate; $45.85 per ton for 90 per cent sulphate.

In 1924 activity in California died out, and Maryland took the lead, producing 10,302 short tons of crude material composed of 33.3 per cent pure potash. Potash has been discovered and successfully mined in Utah, near Salt Lake City.

Germany has always been foremost in the production of potash and its elements. Alsace and France have also been important. American producers of potash have to contend with the cheap production cost of foreign potash and the fact that it is on the free list. In 1922 potash stocks were floated on the market and went to a high level which they were unable to maintain. American farmers—the chief consumers of potash—do not believe that American potash is as good as the foreign product.

It is this fact that must be understood by those who use potash before the higher-priced American product can ever hope to attain the favor that German imports now enjoy—that American potash is purer and, if it were more in demand, could undersell the foreign product.

In 1924 foreign potash was at low price levels, while American increased its gain of 1923. There were 11 plants operating. Production in 1924 was 13 per cent greater.

Potash produced in 1924, by States

	Tons
California	19,361
Maryland	3,430
Indiana and Pennsylvania	105

In 1924 there were 222,245 tons of potash used in the United States, valued at $14,218,900; about 94 per cent of this was used as fertilizer; 90.2 per cent of this was imported.

In 1925 the increase in production of American potash was 11 per cent in the pure potash and 18 per cent in the crude salts. The Trona Co. was the chief manufacturer at this time; they operated mostly in California. This year 258,217 tons were imported into the United States. Germany and France were the chief contributors to this amount. Prices rose about 40 cents a ton in the lower grades, but remained the same in the higher grades. In 1925 the United States manufactured 23,086 metric tons.

Production in 1926 decreased 8 per cent in the pure potash and 10 per cent in the crude product. There were 23,366 tons manufactured in 1926 in the United States, while 266,280 tons were imported from Germany and France. Prices advanced from 15 to 20 per cent in the cheaper grades, while the finer grades went up 3 and 4 per cent.

Production in 1927	Metric tons pure potash
Germany	1,239,395
France	372,040
Poland (approximately)	50,000
United States (approximately)	30,000
Spain, Russia, and all others (approximately)	25,000
Total (approximately)	1,716,435

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. DOMINICK].

The CHAIRMAN. The gentleman from South Carolina is recognized for 10 minutes.

Mr. DOMINICK. Mr. Chairman and gentlemen of the House, we have had a great number of farm relief bills introduced and prepared by different people, but we have one now that bears the unique distinction of having been prepared by Mr. J. J. Raskob, chairman of the finance committee of the General Motors Corporation.

They call this bill one that will help the farmer in buying automobiles, sisal, potash, and other raw materials, but, as is demonstrated in the hearings, it is nothing in the world but a rubber bill and an attempt to control the price of rubber in this country.

You have heard, and will hear more, about the control by the British Government. You have heard about the collapse of the Stevenson Act yesterday. But what has been going on in this country? When rubber prices were $1.20 a pound, there was formed in this country this association of rubber men and automobile people. They went into the market; they formed a pool and they bought rubber; and they lowered the price to some 50 cents a pound. It has been going down and down from that time on under the operation of that pool, and I might add right here that that pool has been operating without any criticism whatever from the Department of Justice. It has been operating without any prosecution on the part of the Department of Justice; and, as is shown in Mr. Davis's letter and Mr. Hughes's letter—those two eminent law firms that write the identical letter here as to this kind of legislation—this pool has had no criticism whatever from the Department of Justice, but they want to legalize something that they have been doing that might perchance and perhaps be illegal.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. DOMINICK. Yes.

Mr. DYER. This same thing happened when we considered the Webb-Pomerene Act for export trade. That act was not considered to be necessary, in the opinion of the committee.

Mr. DOMINICK. I will say to the gentleman from Missouri that the Webb-Pomerene Act was passed in 1918, during war times. I do not know how I voted on it, but I am like my friend from Texas [Mr. SUMNERS], in that if I voted for it and voted wrong at that time, that is no reason why I should vote wrong at this time.

Mr. WELLER. Did you vote wrong at that time?

Mr. DOMINICK. I do not know. I have not looked into it. I might have voted against it. I doubt very much if we had a roll call, because in those times there were very few things on which there was a division.

Mr. DYER. The gentleman voted for it. There were only 29 Members in the House who voted against it when the vote was taken.

Mr. DOMINICK. Gentlemen, on the 19th day of March the Associated Press dispatches carried a statement as to this rubber pool and its condition. It made the statement that the day before a certain banking and trust company in the city of New York had transferred to that pool $60,000,000 more in order to help them out in the control of the price of rubber, which would make, I think, some $110,000,000 which would be in the control of that pool at this time.

But what else do we find in that dispatch? We find further along in the dispatch that the rubber pool had on hand at that time 65,000 tons of crude rubber that cost them 41 cents a pound, and the further statement that the pool up to that time had lost money on their purchases, as rubber was selling at that time at 24 cents a pound.

Now, what does that mean? They have 65,000 tons of rubber that cost them 41 cents; rubber was quoted at 24½ cents a pound on that day, and the pool had a large loss in it. There were different ideas as to why this $60,000,000 loan was made by the rubber pool, but I believe that the real reason is expressed in a portion of an editorial from the Washington Post of March 20, which I will read:

> The British rubber restrictions have not worked out wholly as anticipated. When the American pool first entered the market it purchased rubber estimated at 65,000 tons at from 35 to 41 cents a pound. The influence of this heavy holding, together with talk of synthetic rubber and the activities of Harvey Firestone, Henry Ford, and other Americans who are systematically working out plans for production of their own rubber, have combined to force prices down to the present level of about 25 cents a pound. The pool, therefore, has lost money on its holdings. Yet price stabilization undoubtedly has to a greater or less degree offset such loss, and if rubber has reached a low level, as many believe, it is probable that rubber purchased with the new loan will advance in price enough to offset the earlier losses.

In other words, they have $60,000,000 with which to go into the market now and buy low rubber at 21 cents a pound, and then raise the price of this rubber to the consumers of rubber in this country, and thereby recoup their losses in the rubber they now hold, the loss being the difference between 41 cents, which they paid for it, and 21 cents a pound, which it is worth now, on 65,000 tons. And yet they say this is not a trust.

There is one thing about it in my mind, gentlemen. If you start to make more exceptions to the antitrust laws you might as well except everything and repeal all of them.

They talk about sisal and potash, but they do not include nitrate of soda, which is largely used by a great many of our farmers. I am frank to say that at one time when we were considering this bill, and before I looked into it carefully, I made a motion to amend by inserting nitrate of soda, but I got to thinking that there were very few beneficent and benevolent trusts, and that we had better keep nitrate of soda out.

Mr. MICHENER. Will the gentleman yield?

Mr. DOMINICK. Yes.

Mr. MICHENER. Nitrates are in to-day just as much as rubber, are they not?

Mr. DOMINICK. Yes; I presume they are included in "other raw materials."

Mr. MICHENER. At the time the gentleman offered his amendment the bill was written a little differently than it came out of committee.

Mr. DOMINICK. I suppose nitrate of soda is supposed to be included in "other raw materials," but it is not specifically included.

Mr. MICHENER. Nitrates are included to-day just as much as rubber or anything else.

Mr. DOMINICK. What I am speaking about is that it is not specifically named in the bill.

Mr. DYER. We will have no objection if the gentleman wants to put that in.

Mr. DOMINICK. No; I want to strike them all out.

Mr. JACOBSTEIN. Will the gentleman yield?

Mr. DOMINICK. Yes.

Mr. JACOBSTEIN. Is there anything in the bill which would make illegal such a pool in the future if the owners or those interested in the pool were to be the same owners of the stock of these corporations, the manufacturers who buy the rubber?

Mr. DOMINICK. As I understand it, there is nothing that would prevent such a combination.

Mr. JACOBSTEIN. If there is a community of interest in ownership between the manufacturers of automobiles who buy rubber and these people who are now buying rubber, that would not illegalize the bill?

Mr. DOMINICK. No. Under this bill, as I understand it, automobile manufacturers and tire interests will join in the pool. Both are in the present pool.

Mr. JACOBSTEIN. And if this pool were to pool with the European pool would it still be legal?

Mr. LAGUARDIA. Absolutely. The bars are down and the sky is the limit.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield the gentleman three additional minutes.

Mr. JACOBSTEIN. Will the gentleman answer that question?

Mr. DOMINICK. That is as nearly as I can answer it.

Mr. JACOBSTEIN. So there is no limit imposed upon them?

Mr. DOMINICK. Not as I see it. If there is, I do not know it. Now, gentlemen, they talk about sisal, potash, nitrates, and other raw materials for the farmers, and say this bill will help them as well. I would like for any man who is familiar with the antitrust laws to point out to me one word in those statutes which prohibits the farmers and their cooperative associations from combining and making these purchases without giving this kind of authority to them. On the other hand, they are exempt now, as I understand the law, and they can form their pools and make their purchases in any manner they see fit.

Mr. STEVENSON. As a matter of fact, the State of South Carolina has authorized its commissioner of agriculture to buy for the whole State.

Mr. DOMINICK. Yes. They are buying it now and have been doing it for the last few years. They have been buying nitrates from the Chilean coast without any interference whatever from the trust laws. We do not need this legislation for that purpose. The legislation is solely in favor of the rubber interests and it is solely in order to give them a legalized monopoly so that they can go to work and do as they please without any interference.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman and gentlemen of the committee, on February 18, 1926, I discussed in detail the rubber problem. In that address I called attention to the development of rubber plantations in the Middle East. I showed the cost of bringing a rubber plantation into bearing, the acreage in the Indian Archipelago planted, and the acreage tappable; also the production of plantation rubber as compared with the production of wild rubber. I shall not on this occasion repeat all the statistics and the arguments which I made upon that occasion. If you desire first hand, dependable, and official information on the rubber problem, I believe it will be worth while for you to read my remarks on the date to which I referred.

I am opposed to this bill because by its terms it expressly authorizes the creation of a monopoly and seeks in advance to exempt that monopoly from the provisions of the antitrust law.

I have never yet, knowingly, voted for any measure which I believe created a monopoly or a trust, or that would license a big business organization to exploit or plunder the people, and as long as I am a Member of this body, my vote will never be given to any bill which has for its object the creation of a monopoly or the legalizing of a trust, because in the last analysis the masses of the people must inevitably "pay the freight" in the increased price which comes from the exactions of all monopolies; and in the present commercial age, we have no such thing as a benevolent monopoly any more than benevolent despotisms. All monopolies, like all despotisms, are oppressive. They are created for the express purpose of getting a stronger strangle hold upon the common people, and any man in this body that votes to create this monopoly, and exempt it in advance from the sin of pitiless exploitation of the public, is voting to impose a heavy burden upon the masses of the American people that will bend their backs and unreasonably increase the cost of their necessary commodities.

There are several outstanding reasons why this bill should not be enacted:

First. The bill will authorize the creation of a hard and fast monopoly and a trust on raw material purchased by combinations, associations and buying pools.

Second. It will substantially advance the prices that the consumers will have to pay for these raw commodities and for the articles manufactured out of these trust-controlled supplies. The provisions in the bills designed to prevent arbitrary advance in prices to consumers are weak, grossly inadequate and will prove ineffective.

Third. The bill, if it becomes a law, will give the big manufacturers a tremendous advantage over the small fellows, who will be driven out of business.

Fourth. The plain purpose of the bill is to take us out of the hands of a foreign monopoly and put us in the power of an American monopoly that would bleed the masses as unconscionably as the alleged foreign monopoly. An American monopoly is as bad as a foreign monopoly. Either will bleed the people white if you only give them a chance, and this bill gives the Rubber Trust a sure chance to extort hundreds if millions of dollars from the consumers of rubber in the United States.

Fifth. There is no emergency or necessity for this legislation. The Stevenson plan has failed to work and do what it was expected to do. Rubber is now selling at a ridiculously low price. The Stevenson plan broke down completely, for two reasons, (a) because it was fundamentally wrong and impractical as a permanent governmental policy, and (b) because the Dutch Government, by refusing to join Great Britain in her policy of restricting exportation of crude rubber, annually dumped on the market an ever-increasing supply of crude rubber that more than made up for the quantity withheld by Great Britain. This maintained the supply in excess of the demand, and finally broke the market and reduced prices to a supply and demand basis.

Sixth. The measure is essentially a bill to create a monopoly on rubber, which in my opinion will be more exacting than the recent plan of the British Government to control the price of crude rubber. By this bill we will commit the government to the policy of creating monopolies and turning them loose to prey on the public. This bill would be in effect a license to big business to form a trust, create a monopoly, and fleece the people. The principle is fundamentally wrong. If enacted, this bill will cost the American people untold millions of dollars. If we can license a rubber monopoly, we can, with as much grace license monopolies to control the price and market of other commodities. The principle of this bill is extremely vicious. All monopolies are odious. All monopolies prey on the people. All monopolies arbitrarily and unreasonably increase the price of commodities to the consumers. Every monopoly robs the masses to enrich a favored few. Monopolies are undemocratic, unrepublican, and un-American.

Seventh. While reference is made in the bill to sisal, potash, and a few other commodities on which it is claimed there are monopolies, this bill has for its primary object, yes, its sole object, the creation of a monopoly on crude rubber, and by controlling the raw material, this trust will have a monopoly on the articles manufactured out of crude rubber. This law will give the Rubber Trust a strangle hold on the automobile business in the United States.

The bill will do nothing in the way of reducing the price of sisal, potash, and other commodities that the farmers use and are interested in. Those articles are merely mentioned in passing and put in the bill as a bait to the farmers of America to sugar-coat this bitter and poisonous bill and induce the members of this House who come from agricultural districts to vote for it. The reference to sisal, potash, and a few other commodities used by farmers is not made in good faith, and is a delusion and a snare. Do not be deceived, this is not a bill to help the farmers, but a bill to bleed the farmers and other users of rubber tires and other commodities in the manufacture of which rubber enters.

If the present administration want to help the American farmers, why not enact the McNary-Haugen bill, which is demanded by the agricultural classes of America? Why fuss and fool around with this petty, contemptuous bill that is designed to fool the farmer and build up a gigantic rubber monopoly? The big rubber companies in the United States are behind this bill and this may well be designated as a bill to license the greedy rubber companies in the United States to create a monopoly and fleece the American people.

Much has been said in this discussion about the Stevenson plan, the plan that was formulated and put into operation under the administration of Sir Robert Horne, as Chancellor of the British Exchequer. At the head of the committee that framed this plan was Sir James Stevenson. The so-called Stevenson plan is not an act of the British Parliament but an order made by the British Colonial Office to limit the exportation of rubber from the British colonies in India, Burma, and the Malayan Archipelago. After its approval by the British Ministry it was referred to and ratified by the provincial governments of all the British colonies producing plantation rubber.

Twenty years ago practically all of our crude rubber was gathered from the primeval forests. The plant or tree which produces crude rubber is indigenous to all equatorial regions. Different species of the rubber tree are found in different regions, but rubber-producing trees are found in all equatorial regions. The crude rubber produced from different trees is not always of the same grade or value.

By odds the most productive and valuable rubber tree is the hevea, which flourishes in a natural state in uplands of the Amazon watershed.

There are two principal species of the hevea tree, namely, the *Hevea benthamiana* and *Hevea brasiliensis*. The former is indigenous to the northern part of the Amazon watershed and is found along the tributaries that flow into the Amazon from the north, while the latter is indigenous to the plateaus on the southern slope of the Amazon and is found on the uplands along the Amazon's tributaries that enter that mighty river from the south.

It has been conclusively demonstrated that the *Hevea brasiliensis* is the most productive and yields the highest quality of crude rubber. It is officially estimated that there are more than 300,000,000 hevea rubber trees in the Amazon watershed untouched and untapped, varying in size from 2 to 3 or 4 feet in diameter and from 60 to 80 feet high. Before plantation growing of rubber became common, natives at stated intervals went through the pathless forests, tapping or bleeding the rubber trees and collecting the sap or milk for export. But within the last two decades the people have found a better, cheaper, and more dependable way of securing crude rubber than by having the natives gather it from the wilds of tropical forests.

I am not defending the action of the British Government in restricting exportation of rubber from its colonies, but I do say that the people of Great Britain have done more to develop the

plantation growing of rubber and to furnish the world a sure source of supply than all other nations combined. As far back as in 1869 the British Government, with far-seeing vision, began to experiment in the growing of plantation rubber. The English people, with their wonderful genius for commerce, began to plan for the production of an adequate supply of crude rubber without having to depend on wild savages to gather it from the almost impenetrable forests. They were 50 years ahead of the rest of the world on the rubber problem.

It has been said in this debate that as a result of the Stevenson plan the British secured a monopoly on the world's supply of crude rubber. Why, bless your unsophisticated souls, there never was a time since rubber became an important article of commerce that Great Britain did not have a monopoly upon rubber. English traders went into the remote regions of the earth and captured the rubber trade of the world long before the plantation growing of rubber was seriously considered, and when the automobile came here was old John Bull waiting, with a monopoly on the world's supply of crude rubber and ready to rake off the enormous profits that were inevitable because of such control. The American people have no one to blame but themselves. They went along complacently and allowed the English to capture the world's supply of rubber, and when the colonists of Great Britain began to pull down big profits from their investments the big rubber barons of the United States bellowed like petulant and spoiled children.

Before rubber was grown on plantations in commercial quantities, Great Britain had a monopoly upon the exportation of rubber from Brazil and other rubber-producing regions, and she has had a stranglehold upon rubber ever since it has had a commercial value; but in 1869 the British, looking far into the future, began to plan for a permanent supply of crude rubber grown on British soil. Without knowing it, they began at that time to plan for the automobile age and for a monopoly on the rubber supply of the world. They began experimenting with the seed of the hevea rubber tree with a view of planting these trees in India and other colonial possessions.

At that time Brazil, in order to maintain her rich rubber trade, prohibited the exportation of the seed of the hevea rubber tree. In 1876 Henry Alexander Wickham, an Englishman, owned a little 500-acre rubber plantation in the upper reaches of the Amazon River. He was requested by the representatives of the Indian Office in London to obtain 70,000 hevea rubber tree seeds. The germinating life of these seeds was only three weeks, so quick action was necessary. He chartered a tramp steamer, obtained an immediate clearance by telling the shipping authorities that he was carrying rare and perishable botanical specimens to the Queen, and raced the shipment to England. I mention this, not to approve the misrepresentation and deceit of Wickham, but to show how determined these English were to get the seed with which to conduct their experiments. With these hevea seeds experiments were conducted. So with these experiments in the British Botanic Garden at Kew, England, and from cuttings and seedlings, 10,000 plants in 1876 were sent to Burma, Ceylon, Java, and other portions of the East Indian Archipelago. They were planted in these new regions with varying success, but in time the venture was successful, and plantations were planted on a large scale.

Prior to 1905 plantation rubber was produced only in a negligible quantity.

In 1905 the exports of plantation rubber from the Middle East amounted only to 174 tons. At that time over 99 per cent of all the crude rubber of commerce was wild rubber gathered by natives from forests and jungle. At the present time 95 per cent of all the crude rubber of the world comes from the plantations in British India, Netherland East India, and the Indian Archipelago.

So, as a matter of fact, my friends, if the English people have had a monopoly upon rubber, it is because they have had vision; it is because they have had the courage to experiment with rubber, and to invest more than $500,000,000 in rubber plantations, until, at the present time more than 4,000,000 acres in British India and in the Netherland East Indies and in the East Indian Archipelago are planted to rubber, and now all the world must go to these rubber plantations for its supply of crude rubber. The people of the United States could have had this monopoly, or at least a substantial control of the world's supply of crude rubber, if they had looked ahead and invested in rubber plantations as the English did.

In 1921, after the war, the plantations in the Middle East were facing bankruptcy. The price of rubber went down until it sold below the cost of production. In order to avert disaster many of these plantation owners entered into a voluntary agreement by which they obligated themselves to restrict production 25 per cent, but being unable to enforce this agreement, they applied to the British Colonial Office for relief, and the so-called Stevenson plan was originated.

This plan did not become operative until November 1, 1922. At the time it was formulated Great Britain believed that the Netherlands Government would join in this plan of restriction, but after protracted negotiations the Netherlands Government refused to have anything to do with the proposition, so Great Britain decided to "go it alone," although many leading men in England vigorously opposed the plan as impractical and foredoomed to failure, because the Netherlands Government, by unrestricted exportations, could defeat the Stevenson plan and keep the world rubber market on a supply-and-demand basis.

The Dutch Government not only refused to follow the Stevenson plan, but they began immediately to plant hundreds of thousands of acres of new rubber groves. And by the way, gentlemen, those groves which the people of the Netherlands planted in 1920 and 1921 and 1922 are now coming into bearing. Depending, of course, on climatic conditions, a rubber tree in the Middle East will come into bearing in about six or seven years. So, as a result of unrestricted exportation by the Netherlands Government, and because of the rapidly increasing supply of rubber from Netherland East Indies, the Stevenson plan signally failed to function efficiently, except for the first year or two.

Now, what is the so-called Stevenson plan? In short, it regulated the quantity of crude rubber exported from British possessions by a sliding scale which increased or decreased the export duty according to the price that rubber had sold for during the preceding quarter in Mincing Lane, London, which is the Wall Street for rubber.

If the average price of rubber in London was under 21 pence (42 cents), but not under 15 pence (30 cents) a pound, during any quarter, the exportable percentage of standard production for the ensuing quarter at the minimum rate of duty was reduced by 10.

If the average price of any quarter was not under 21 pence (42 cents), but was less than 24 pence (48 cents), there was to be no change in the ensuing quarter.

If the average price for any quarter was 24 pence (48 cents) or more, the percentage of exportable production was to be increased by 10 for the ensuing quarter.

To illustrate: No matter how low the price might be, 60 per cent of the standard production could be exported at the minimum duty. If the average price for the quarter was between 15 pence and 21 pence (30 cents and 42 cents), the exportable percentage was reduced by 10 per cent for the ensuing quarter. And if the average price for the next quarter was between 21 pence and 24 pence (42 cents and 48 cents), no change was made in the exportable percentage. And if the average price for the quarter was 24 pence (48 cents) or more, the exportable percentage was increased 10 per cent.

It will be seen that the plan was cumbersome and economically unsound. It would have failed because of its own inherent weaknesses, but its failure was made inevitable and hastened by the refusal of the Netherlands Government to adopt any restrictive measures. So, while Great Britain restricted exports, the Netherlands increased their exports, which made up for the quantities withheld by the British. This left the market on a supply-and-demand basis, and in spite of the efforts of the British to create artificial conditions and to arbitrarily manipulate the market.

Yesterday the British Prime Minister announced that the Stevenson plan would be abandoned November 1. This is a confession that it has been a failure and has not accomplished the purpose intended. This makes it unnecessary for Congress to pass this or any other measure of a similar purport.

I hope this measure will meet the overwhelming defeat it deserves. [Applause.]

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I yield to the gentleman from New York [Mr. CELLER] 10 minutes.

Mr. CELLER. Mr. Chairman and gentlemen of the committee, I heard with interest the speech of my colleague [Mr. WELLER], but I feel that he does not speak for all of the people of New York City, whence he and I come. I think he is enthusiastically misguided on this proposition. The consumers in New York who would be vitally affected by this bill fear a trust. They are suffering from the many trusts and combinations the present administration has allowed. They fear a trust like the plague. They do not trust a trust. All I can see in this bill is the creation of a very huge monopoly or trust in the interest of the rubber companies of this country.

I have examined the hearings very carefully and have tried to find something about this invisible pool that has been operat-

ing for several years, but everything seems to be shrouded in mystery and secrecy. I would like to know more about this "control" or pool that seems to have been born illegally and which this bill seeks to make legitimate. I would like to ask what right Herbert Hoover, Secretary of Commerce—what right he had to put the seal of his approval on this pool or combination? Evidently it was upon the authority of such eminent counsel as Mr. Davis and Mr. Hughes that the pool operators came to us and asked for this bill. Messrs. Davis and Hughes know that the pool is illegal.

I ask the speakers hereafter to tell us and answer what right the Secretary of Commerce had to approve, if he did not create this pool? Are we a government of laws, or are we a government of men? Shall the Attorney General in one breadth say that this proposition is illegal and in the other breath say it is legal? I ask the gentlemen of the Judiciary Committee to examine the proceedings in the office of the Attorney General, and I ask them to examine the case of the United States against the Sisal Sales Corporation (274 U. S. 268), where the Attorney General instituted proceedings against the sisal monopoly. It was illegal to pool interests to import sisal from Mexico. Why was it not just as illegal for Mr. Ford, Mr. Firestone, Mr. Raskob, and others to form a pool to import rubber? Why are they immune from the operation of the antitrust laws? Maybe they are heavy contributors to the Republican Party.

Some one said Mr. Hoover had nothing to do with the formation of the voluntary pool in rubber. That is not so. He had much to do with it.

On page 28 of the hearings I find this statement of Mr. J. J. Raskob, of the General Motors Co.:

> We immediately got in touch with the Rubber Association of America, and Mr. Firestone, as well as the Department of Justice and the Department of Commerce. This was over 18 months ago, and to make a long story short, we evolved a plan that resulted in the formation of a $50,000,000 buying pool, which dealt in rubber throughout the whole year 1927, and all connected with that effort, including Mr. Secretary Hoover, who has just addressed you, have advised me that they believe that that pool was instrumental in driving the rubber speculator out of the market, with the result that the fluctuation in the price of rubber during that year was reduced to 9 cents, which is the greatest degree of stability in rubber in the last 20 years.

If this does not tie up Mr. Hoover with this pool, I miss my guess.

They have been caught in a very embarrassing situation by the collapse of the Stevenson plan. Now, I ask the speakers that follow me to answer this question. The pool will stand a loss of $19,000,000 if we can believe the report in this morning's New York Times, which is as follows:

> The American rubber pool, which is understood to hold between 35,000 and 40,000 tons purchased at 41 cents, to which about 2 cents a pound due to warehousing, interest, and other charges may be added, is reputed to face a paper loss of about 22 cents a pound, or 50 per cent, on its holdings, the value of this loss amounting to approximately $19,000,000 since the purchase of the stocks in November and December of 1926.

They purchased rubber around 40 cents a pound, and the price is now 20½ cents a pound. Will you and I, gentlemen, profit by this reduction? Will the United States Rubber Co., the General Tire Co., the Firestone people, and other members of the pool who paid this large price give us the benefit of the reduction to 20½ cents a pound or are we, particularly in New York, going to pay for this excess price—are we going to hold the bag for the Rubber Trust? Will not our tires remain the same in price? They will pass their present rubber stocks on to us in the form of tires not at 20½ cents but at 40 cents per pound of crude rubber. That is how the pool works.

Mr. STOBBS. Will the gentleman yield?

Mr. CELLER. I will.

Mr. STOBBS. The gentleman does not mean to contend that the sole purpose of the legislation is to enable the people interested in rubber in this country to take advantage of their loss and put it on the consumers?

Mr. CELLER. Yes; the Rubber Trust took advantage of the misguided advice of the Secretary of Commerce and the Department of Justice and suffered a great loss. I am asking the gentleman if they are not going to carry that loss back to the consumers?

Mr. STOBBS. What was the price of rubber at the time the pool was initiated or at the time they went to the Department of Commerce?

Mr. CELLER. I will come to that.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. I will yield to my colleague.

Mr. LAGUARDIA. I want to point out that when the market was slumping the pool went out and stiffened the market to keep the price up.

Mr. CELLER. I thank the gentleman. Now, will some gentleman tell us when the rubber pool was formed? Will you tell us who the subscribers were; how much each man subscribed and how much rubber was purchased; what was the average cost; and tell us the lowest price paid? Who managed the pool? Did the pool buy from the United States Rubber Co.—a member of the pool—which company, through its subsidiary companies, operates nearly 83,000 acres of rubber plantations and has 60,000 acres more in reserve? Did the pool export any rubber? Did they buy rubber from the Dutch companies as well as the British?

We are not told whether the independents could come in and participate in the pool, nor are we told whether this pool was operated for profit, and if so, for whose profit. If the situation is so mysterious and nobody seems to have the hardihood even to ask these questions of anyone who appeared before the committee, then how much more mysterious will be the operation of the pool under this bill? I might ask this: Is the pool to be legalized now to be conducted for profit, and, if for profit, in whose behalf is the profit to be earned? For the members of the pool? Why do not the gentlemen of the Judiciary Committee provide for governmental supervision over this pool? No provision is made in this bill that the Government shall have control over this pool. This pool can run wild, and there is no method by which the interests of the consumer or the American public might be safeguarded. True, if it violates the Sherman or Clayton Acts, it gets into trouble. That provision is merely "beau geste." If the pool now can operate illegally, what assurance have we that after we legitimatize it it will not still be immune from punishment for any of its sins?

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I refuse to yield further. There is ample provision in the law now to get after these combinations formed in Europe or elsewhere. The underlying purpose of this bill is to legalize pools or "controls" to import rubber, sisal, and potash, or any other commodity certified by Mr. Hoover where "controls" or monopolies exist in those commodities outside the United States. As the law now stands there is ample remedy to dissolve these foreign combinations just as soon as they seek to export into the United States the said rubber, sisal, potash, and so forth.

A few weeks ago the Attorney General seized some ships in New York harbor containing quinine, and he has instituted equity proceedings against the combination that sought to monopolize the supply of quinine. In addition indictments have been found against the members of the foreign combine and they will be brought to book. If we have that remedy, and there surely is a remedy, why not apply it to rubber, and why have we not a suitable adequate remedy as the law stands to-day? The Attorney General could bring suit to dissolve the British rubber combine as soon as it touched our shores.

Mr. WELLER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. And with reference to potash, I quite agree with my distinguished colleague from Texas [Mr. SUMNERS] that potash and sisal are put in as a sort of excess baggage, a sort of window dressing or make weight. With reference to potash, action was instituted by this same Attorney General in the United States District Court of the Southern District of New York, against the Potash Trust, and Justice Bondy has reserved decision on the question of whether or not the Potash Trust is in restraint of trade and a monopoly. It is significant that the French nation has introduced a peculiar defense. It has raised the question of sovereign immunity on the score that the French Government owns eleven-fifteenths of the stock of one of the potash defendants, but upon close examination—and I put into the RECORD some of the statements in the Attorney General's brief submitted—it will clearly appear that when a government, the French Government or any other government, enters into business trade it must make itself amenable to court processes. The United States Government, when it organized the Sugar Equalization Board, and when it organized the United States Shipping Board, did not render those entities immune from the proceedings of the courts, and so the French Government can not say, that because it owns some of the stock in the potash combination, it shall be immune from prosecution.

I herewith give extracts from the brief submitted by the United States Government in case of United States of America against Deutsches Kalisyndikat Gesellschaft et al.:

> The claim of immunity in this case is put forward not on behalf of the French Republic itself, but on behalf of a trading corporation in

which the French Republic happens to be a majority (but not a controlling) stockholder.

Société Commerciale des Potasses d'Alsace maintained an office at 25 West Forty-third Street, in this city and district, at the time when service of the subpœna was effected in this suit. The société is a trading corporation organized under the ordinary corporation laws of France. It is recognized in French law as an entity distinct from its stockholders, and it may sue and be sued in the French courts like any other corporation.

A. Sovereign immunity can not be successfully claimed even by a corporation owned or controlled by the domestic sovereign.

Thus in United States Bank *v.* Planters Bank (9 Wheat. 904) it was held that the fact that the State of Georgia owned a large part of the stock of a bank did not make a suit against the bank equivalent to a suit against the State of Georgia, or render the bank immune from suit under the eleventh amendment. In that case Chief Justice Marshall pointed out (9 Wheat. 904, 907):

"It is, we think, a sound principle that when a government becomes a partner in any trading company it divests itself, so far as concerns the transactions of that company, of its sovereign character and takes that of a private citizen. Instead of communicating to the company its privileges and its prerogatives, it descends to a level with those with whom it associates itself, and takes the character which belongs to its associates and to the business which is to be transacted.

Federal Sugar Refining Co. *v.* United States Sugar Equalization Board (D. C., S. D., N. Y., 1920), 268 Fed. 575. (Sugar Equalization Board, a Delaware corporation, not immune from suit, though United States owned all of stock.)

Commercial Pacific Cable Co. *v.* Philippine National Bank (D. C., S. D., N. Y., 1920), 263 Fed. 218; affd. 2d C. C. A., 269 Fed. 1022. (Philippine National Bank not entitled to assert rights vested in United States as sovereign, though United States owned majority of stock and president of bank was appointed by Governor General.)

B. The same principle with respect to immunity applies to corporations owned or controlled by a foreign sovereign as to those owned or controlled by the domestic sovereign; and a corporation partly owned by a foreign government is entitled to no greater immunity than a corporation wholly owned by the United States or a State.

In addition the Secretary of State, in this case, refused to recognize the defense of immunity. This, in and of itself, must force Judge Bondy to render a decision in favor of the Government.

In the present case, the letter of the Secretary of State, stating that these claimants have no right to sovereign immunity, is, therefore, conclusive of their claim in this court. In his note to the Attorney General the Secretary of State, in reference to both the corporate and individual applicants, states the following as the position of the Department of State:

"I had previously been informed by your department that the proceedings, in connection with which the above-mentioned note of the French ambassador was addressed to me, were brought by your department to enjoin alleged violations of the Sherman Act and the anti-trust provisions of the Wilson tariff act, in connection with the importation and distribution of potash in this country, and that it had been urged in that suit that sovereign immunity should extend to the defendants on the ground that they are acting as representatives of the French Government in the commercial undertaking referred to.

"With respect to your inquiry concerning the view of this department regarding the matter, I have to inform you that it has long been the view of the Department of State that agencies of foreign governments engaged in ordinary commercial transactions in the United States enjoy no privileges or immunities not appertaining to other foreign corporations, agencies, and individuals doing business here, and should conform to the laws of this country governing such transactions."

The Secretary of Agriculture, Mr. Jardine, seemed worried about this case and urged the passage of this bill because of the possibilities of the defense of the French Government of sovereign immunity being recognized. I say to the Secretary of Agriculture there is nothing to worry about. The potash combine will be dissolved. In any event, why not wait until decision is rendered. That decision may be in favor of our Government. Perhaps Mr. Jardine is wishing for a different decision.

Why potash was put in the bill is beyond me. Nobody seems to have complained about potash. The National Fertilizer Association (see p. 41 and following of the hearings) presented tables of retail and wholesale costs of potash and said there seems to be no "price abuses or attempts at profiteering" as far as potash is concerned:

Such interest as we have in the matter would become active only if attempts were to be made in the future unfairly to exact excessive prices. Of this there is no present indication.

Now, what is the situation as to nitrates? This same National Fertilizer Association (at p. 46 of the hearings) indicates that the Chilean nitrate combination has not been inflating prices and that, on the contrary, there seems to be "a deep-seated desire on the part of the Chilean producers to secure volume of business at a reasonable price rather than excessive profits on a smaller volume of business."

Even Mr. Hoover emphatically stated, when he appeared before the Committee on Interstate and Foreign Commerce, January 18, 1926 (p. 297, hearings on crude rubber, coffee, and so forth, before the Committee on Interstate and Foreign Commerce, 59th Cong., 1st sess., H. R. 59), that—

The nitrate problem seems to me to be bound up with the action of Congress in respect to Muscle Shoals in two aspects. First, I have no doubt that the ultimate contention is to devote that large power to a considerable degree to the manufacture of nitrogen; and, second, the settlement of the question will take a disturbing factor out of the development of the industry at private hands. In other words, we might have had a larger development of private industry in the fixation of nitrogen except that they are waiting to see what disposition is made of Muscle Shoals. In any event a settlement of that question will expedite our whole freedom of the nitrate situation.

It seems to me that the rubber and tire people have little to complain about. I herewith submit for the years 1923 to 1927, inclusive, the net profits of six of the leading companies. These profits speak for themselves.

Net profits available for dividends or to carry surplus; i. e., after all expenses, depreciation, interest, and provision for taxes have been deducted.

	1923	1924	1925	1926	1927
Firestone Tire & Rubber Co	$6,105,000	$8,117,000	$12,800,000	$7,622,339	$13,780,966
Fisk Rubber Co	2,584,000	3,137,000	6,109,000	3,354,431	2,620,721
General Tire & Rubber Co	1,200,000	1,500,000	1,843,000	709,831	2,524,325
B. F. Goodrich Co	3,025,000	8,823,000	12,744,000	5,065,110	11,780,306
Goodyear Tire & Rubber Co	6,507,000	12,162,000	13,506,000	8,799,138	13,135,666
United States Rubber Co	7,393,000	8,368,000	17,310,000	13,761,869	6,251,481
Total	26,814,000	42,107,000	64,312,000	39,312,718	50,095,465

It was my understanding that this bill was devised to legalize the rubber importing pool in order to combat the British rubber control. Since Premier Baldwin has announced in the House of Commons that the Stevenson plan shall be at an end as of November 1 next, therefore the cause of the instant bill has been removed.

On the other hand, if we pass this bill it is bound to create ill will in England and may have the effect of reestablishing the British Stevenson plan or pool. Let us be satisfied that the British Government has acknowledged defeat of its plan. Let us not spoil our victory by forcing England to reestablish the plan as a sort of defensive measure.

It is foolhardy to argue that Premier Baldwin has discarded the Stevenson plan because of our activity in the House to pass this bill. That plan was discarded because it proved ineffectual. Great Britain can not control the entire rubber supply of the world. That plan has greatly encouraged native rubber production in the Dutch East Indies. Permit me to insert an extract from an article appearing in the Commerce Monthly, February 27, 1927, issued by the National Bank of Commerce, New York:

The influence of the native industry on the world's rubber trade seems destined to increase yearly. Undoubtedly it has been a most important factor in limiting the effect of the British restriction plan, which regulates according to price the amount of rubber exported from the British possessions. Native rubber is rubber produced on plantations or gardens owned by the local non-European population. Native rubber from the Dutch East Indies, amounting to only 3 per cent of the world production in 1920, constituted between 10 and 15 per cent in 1926. In this period the total output rose from 344,000 tons to 625,000 tons.

Native production will continue unabated as long as the price of rubber remains as high as 9 to 18 cents a pound, according to a Dutch investigator. At such prices the margin of profit is sufficient to satisfy the native workers. This explains why restriction, which set 24 cents a pound and later 42 cents in London, as the price below which reduction in the rate of export takes place, has proved such a boon to the native. It actually guaranteed him a handsome profit as long as it was operative. Advantage seems to be on the side of the native and the 1926 native output of 75,000 to 80,000 tons may easily be doubled by 1930 and the industry more firmly established.

Dutch rubber was the undoing of the British Stevenson plan. When England restricted its rubber output invisible sources of rubber were tapped and the market became glutted with rubber and as a consequence the price has been declining steadily.

The gentleman from Minnesota [Mr. NEWTON] has shown on a chart the peak price for rubber, I believe it was in 1924, and

he claims it is a result of the Stevenson plan, sometimes called the "restriction" plan. The cause of that peak price was in part the introduction of the balloon tire and the work of rubber circulators.

After the restriction act went into effect the price of rubber rose to 37 cents in January, 1923, and declined to 18¼ cents in June, 1924, rising to 40 cents in December, 1924. To the effect of curtailed shipments, on the one hand, there was added the effect of largely increased consumption on the other, so that the operation of natural forces would have eventually restored a balance. Practically no one, however, foresaw the enormous increase that was to take place in the production of automobiles and trucks during the years since then, causing a need for rubber that is now five times what it was a decade ago. This phenomenal demand was further augmented in 1924 by the introduction of the balloon tire, which requires much more material than the high-pressure casing. A flurry in prices started and was carried upward by speculation in the commodity by tire manufacturers, rubber importers, and merchants and individual traders. Some of them went "long" and bought rubber futures for a rise, thus bidding up prices; others sold "short" and were later forced to repurchase and cover their contracts at heavy losses, causing the failure of numerous concerns.

In conclusion, to my mind the only remedy for the United States is to grow its own rubber. When England found itself under the domination of American cotton planters she grew cotton in Egypt. So we must grow rubber in the Philippines, in Liberia, Panama, and so forth.

We can not expect to find a remedy by any unnatural interference with the economic law of supply and demand. We must banish from our minds that any pool or combination or "control" will solve this problem.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DYER. Mr. Chairman, I yield five minutes to the gentleman from South Dakota [Mr. CHRISTOPHERSON].

Mr. CHRISTOPHERSON. Mr. Chairman, I think the experience of our people in the last few years with regard to the prices they have been obliged to pay for the commodities mentioned in this bill, purchased from foreign producers, is the most forceful argument for this kind of legislation. I call attention briefly to the interest that we in the Middle West, from the agricultural section of our country, have in this measure. The farmer is a large consumer of all of the commodities mentioned in this bill, and especially so of rubber and twine. Sisal is included, and any slight increase in the price of sisal means an increase in the price of twine which the farmer must buy from year to year in harvesting his crops. When we learn from evidence produced at the hearings that an increase of 1 cent a pound in raw rubber means a total of $9,000,000 to the American people annually, and that a slight increase in the price of sisal also means a very large additional outlay, that indicates clearly the necessity for this sort of legislation.

So far as the question of monopoly is concerned, no one wishes to permit the organization of monopolies that would enhance the price to the consumer of these commodities, but that danger, to my mind, is very clearly safeguarded in the bill. The authorities have complete supervision over these organizations, and therefore the law can not be used to enhance the price to the consumer. On the contrary, a measure of this kind will be of great benefit and a saving to the consumer. The matter is clearly safeguarded, and, as has been said by the Secretary of Commerce, if this law is placed on the statute books, the probability is we will never have to resort to it. It has been argued here to-day that because these commodities are now down in price to what may be said to be reasonable, that there is no further necessity for this sort of legislation. This is just the time when we should prepare for future emergencies, and we should remember the well-known phrase so often uttered, that in time of peace we should prepare for war. This is just the time that we ought to place on our statute books a law which will prevent the undue exactions that the American people have had to meet in the past.

And so, let us give our approval to this measure. Let us place it on our statute books; and then, if the prices on these foreign commodities which we must purchase from time to time in great quantity remain at a reasonable figure, the Secretary of Commerce will never have occasion to license any of these organizations; but if in the future foreign combinations and monopolies seek to exact from us undue prices upon commodities, our Secretary of Commerce will then have this remedy in his hand and will invoke it and thus prevent unreasonable exactions from us because of combinations in foreign countries. If the situation should not arise, the statute would remain as an assurance against undue exactions in the future. Let us have this statute as a safeguard against the kind of exactions to which the American people have been subjected in the years gone by. I am in favor of this measure. [Applause.]

Mr. SPROUL of Kansas. Mr. Chairman, will the gentleman yield?

Mr. CHRISTOPHERSON. Yes.

Mr. SPROUL of Kansas. Who is the instigator of this bill, the originator of the idea?

Mr. CHRISTOPHERSON. I do not know. It has come to us, like many other measures, to remedy conditions which confront us.

Mr. LAGUARDIA. The General Motors have had something to do with it.

Mr. DYER. This matter originated, as the gentleman knows, a few years ago, upon the investigation of the rubber situation. The matter has been presented to this House by the gentleman from Minnesota [Mr. NEWTON].

Mr. CHRISTOPHERSON. When there is an increase in the price of the raw commodities mentioned herein, such increase is passed on to the consumer, who, I feel, is more interested in this bill than the manufacturer.

Mr. NEWTON. The original resolution was offered by our floor leader, the gentleman from Connecticut [Mr. TILSON].

Mr. LAGUARDIA. Not this bill.

Mr. SUMNERS of Texas. Mr. Chairman, how does the time stand?

The CHAIRMAN. The gentleman from Texas [Mr. SUMNERS] has 1 hour and 6 minutes and the gentleman from Missouri 1 hour and 7 minutes.

Mr. SUMNERS of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, I am going to read now from the hearings had before the Interstate and Foreign Commerce Committee upon the Tilson resolution, and the speaker is Mr. Hoover. I read:

> It has been suggested that our industries should themselves collectively bargain to establish fair prices.
>
> This also raises grave questions as to whether we wish these controls to become fixed in international life, and probably involves also Government supervision of their bargains. Alternatively, it has been suggested that we might set up such combinations in our own country over materials which we control, either singly or jointly, with one or two other major producers, thus getting our share of the profits in this game. Any such policy would not only involve us in a thousand frictions in international relations, but we would have done injustice to others.
>
> In my own mind I reject all these suggestions.

That is Mr. Hoover before the Committee on Interstate and Foreign Commerce a short while ago. Here is Mr. Hoover on this bill. I read:

> I am glad to lend the support of the views of the department and myself to those put forward by the agricultural associations and the manufacturers to the principles of the bill.

Before the Committee on Interstate and Foreign Commerce he was against it. Now, because the agricultural associations want it, he is for it.

Papers of the rubber traders have been against artificial regulation of rubber prices. I will insert some of these statements in the RECORD:

DIVORCING GOVERNMENT FROM BUSINESS

[From the India Rubber World]

Less government in business, forestalling meddlesome legislation, freedom from interfering commissions, decreasing dependence upon courts, and the removal of common causes of litigation are the outstanding advantages now accruing to industry through the setting up of standards of production, materials, manufacturing, and merchandising methods by over 250 national organizations. Business is learning at last how to police itself, instead of referring to others manifestly incapable of settling technical disputes or mooted questions between buyers and sellers or shop owners and employees.

No one appreciates the movement to have industry settle its own affairs without recourse to the courts more than the progressive jurist. None better than he realizes the folly of costly lawsuits hinging, for instance, on the interpretation of such loose phrases as "all material shall be of the best commercial quality" and "good workmanship shall be required throughout." But when industry establishes definite codes and precise criteria covering all conditions that may occasion debate, courts will have small patience with terms so vague; and more likely than not many a future action will be decided not so much on hypotheses and technicalities as upon proofs adduced as to whether standard

practice with the force and virtue of the law of the land was fairly upheld or willfully ignored.

The rubber industry has had more than its share of unnecessary legislation and litigation. To its credit it can be said that it has done a great deal toward improving conditions, especially in promoting standardization and simplification and effecting more efficient distribution; but much yet remains to be done before the goal can be reached where industrial agencies will supersede courts and legislatures in solving industrial problems. In the tire field alone, if standardization is to be secured and economical production furthered, it is necessary for automobile manufacturers to give the tire manufacturers much more cooperation in determining specifications, methods of test, nomenclature, and dimensions of tire equipment.

Here is the statement of Colonel Donovan, of the Department of Justice, speaking at a dinner of the Rubber Association in New York this year. I read:

Now, there are those to-day—some who advocate a modification of our antitrust law. Too often those who advocate that modification have no appreciation of what the modification should be, no understanding of the manner in which it should be brought about, and no recognition of the consequences which would flow. Men of affairs and economists tell us that we are right in the midst of an economic transition. If that be true, then it is the worst time in which to have legislation, because if you have legislation before you know where your tendency is going to take you, trouble is bound to result.

Some time ago President Coolidge pointed out that our prosperity is not due to regulation; that it has been based upon the principle that human welfare can best be preserved by insisting upon personal initiative rather than by resorting to governmental regulation and participation.

There is Colonel Donovan, of the Department of Justice, the man who has charge of just such situations as this, speaking to the Rubber Association against legislation of this kind.

Then President Francis R. Henderson, of the New York Rubber Exchange, speaking in February of this year, said:

The new year has, so far, indicated that we are approaching a freer market for the world's rubber. I mean by this that there is every indication that we will soon return to a market dominated by economic laws rather than by Government regulations.

Here are the trade papers speaking about the possibilities of the restriction being upon us, speaking of the possibilities of the rubber supply, all indicating a lower price on crude rubber:

[From the India Rubber and Tire Review]

The 1928 consumption will not exceed production—stocks in February in United States, 110,000 tons; London, 70,000 tons.

United States will only use 390,000 tons.

World's production will be 600,000 tons.

The gentleman from Minnesota [Mr. NEWTON] referred to this chart, showing a peak price of $1.20. There were not 50 tons of rubber sold on that day at that price.

Here the pool is pegging the price of 42 cents a pound, bringing it above normal. It is said that they have lost money, but they have not cut prices in 1927 on tires. They are going to make up on tire prices what apparently they lose in marketing crude rubber.

Since the end of December last crude rubber has declined from about 42 cents to around 22½ cents a pound, approximately 46 per cent. This drop in the commodity has led to belief that tire prices would inevitably be cut, and that rubber companies would suffer accordingly.

The consensus in the industry, however, seems to be that tire prices will not be cut during the first half of the year.

What happened here when the British restrictions went into effect? Our manufacturers wanted the British manufacturers to sell more cheaply, and with the workmen of the East to work for less money, and they refused to buy. The speculators with foresight bought the rubber and gouged the manufacturers. That is the cause of the increased price. In 1926 after Hoover's protest the average price was higher than in 1925. In 1925 the rubber manufacturers made more money than they ever made, but the laborers in the rubber-tire plants got no increase in their wages. The average price of rubber in 1925 was 48.36 cents a pound and in 1926, after the Tilson resolution, the average was 54.63 cents a pound and in 1926 there was about 17,000 more tons imported.

The rubber manufacturers have made enormous sums since restriction.

E. G. Holt gives the following table of dividends in rubber companies in first year of restriction and in 1925:

Dividends paid shareholders in rubber corporations

Cash:	
1922	$11,172,000
1925	33,083,000
Stock:	
1922	8,052,000
1925	1,170,000

Notice how the income of our rubber industry has grown since restriction:

(India Rubber World, E. G. Holt, chief rubber division, Department of Commerce)

Income of rubber manufacturers companies

Gross income:	
1921	$637,846,000
1925	1,469,746,000
Net income:	
1921	96,460,000
1925	109,024,000

Corporations filing returns (capital stock tax)

1921	657
1925	668

[From the Rubber Age, Mar. 25, 1928]

Sales and profits of the five largest rubber manufacturing companies

(Profits shown are after interest and other charges, but before preferred dividends or reserves)

Company	1925			1926			1927			3-year total		
	Gross sales	Profits	Per cent	Gross sales	Profits [1]	Per cent	Gross sales	Profits [1]	Per cent	Gross sales	Profits	Per cent
U. S. Rubber	$206,473,737	$17,309,870	8.4	$215,528,309	[2] $8,761,869	4.1	$193,442,945	[3] $6,232,052	3.2	$615,444,991	$32,303,791	5.2
Goodyear	205,999,820	21,005,898	10.2	230,161,536	8,799,138	3.8	222,178,540	16,635,666	7.4	658,239,845	46,440,702	7.0
Goodrich	136,239,526	16,744,447	12.3	148,391,478	5,065,110	3.5	151,684,960	12,780,306	8.4	436,315,964	34,589,863	7.9
Firestone [4]	125,597,998	12,800,412	10.1	144,397,000	7,622,339	5.3	127,696,759	13,780,966	10.8	397,691,757	34,203,717	8.9
Fisk [4]	74,900,373	6,108,906	8.1	68,051,739	3,354,431	4.8	[5] 72,404,002	2,620,721	3.6	215,356,114	12,084,508	5.6
Total	749,211,454	73,969,533	9.9	806,530,062	33,602,887	4.2	767,407,206	52,047,711	6.7	2,323,048,672	159,622,131	6.8

[1] Without deduction of reserves taken into income account.
[2] Does not include $6,000,000 profit from plantations.
[3] Does not include $4,000,000 profit from plantations.
[4] Firestone fiscal year ends Oct. 31. Fisk fiscal year ended Oct. 31 until 1927, when it was changed to correspond with calendar year.
[5] Covers 14 months, due to change in fiscal year.

Over here on this chart we have $297,000,000 given as what the British rubber planters got through profits by restriction. That is not so. That is what the British rubber planters got for their rubber in 1925. Mr. Hoover stated before the Interstate Commerce Committee that the British rubber planters in 1925 got $650,000,000. That was not so, because his own department's report for that year indicated that all the rubber brought over only came to $429,000,000. It seems to me that the great god Hoover, like the god Achilles, has a weak heel—a rubber heel.

Mr. SCHAFER. Will the gentleman yield?

Mr. BLACK of New York. No; I have no time to yield. Unlike rubber, I am unyielding. Here is a great American tire plant which stands behind our tariff wall of 10 per cent on tires but does not like the English tariff of 33⅓ per cent on tires. So this great and patriotic rubber plant, whose flag is the long green, studded with dollar signs, went to Great Britain and put up a plant over there, and here is what they say to the British, this being an American firm in the Rubber Age for August, 1927:

It is the intention of the company to purchase, as far as possible, all the equipment and requirements of the factory from British manu-

facturers and to make the company a truly British one, employing as much British labor as possible.

Those are the fellows who are protesting against this British monopoly, yet they go over there to take advantage of it. We got rid of one monopoly by good sense by British planters, and the British gave in to natural economic laws. However, in this country we want to create another monopoly, because some people are never satisfied unless some kind of a monopoly is gouging them, particularly an American. In 1925 the value of the rubber production in this country was $1,225,000,000.

Mr. WAINWRIGHT. Will the gentleman yield?

Mr. BLACK of New York. No. The rubber workers got $1,090,000. The value of the rubber production here was over a billion dollars while the workers in the rubber factories got $1,090,000. That was 31 per cent of the value of production over the year 1923. They increased the production value by 31 per cent, but did they increase what the laborers got? They did increase it $8,000,000, but that was for the purpose of taking care of 4,000 more laborers.

[From the Rubber Age—July 10, 1927]

1925 CENSUS REVEALS RUBBER-TRADE GROWTH—FINAL REPORT OF CENSUS BUREAU SHOWS JUMP OF 31 PER CENT IN RUBBER INDUSTRY OVER 1923—PRODUCTS VALUED OVER $1,000,000,000—498 PLANTS IN UNITED STATES

The final report of the Bureau of the Census covering a summary of all rubber manufacturers and their products in the United States in 1925 has just been issued.

From the present report it appears that the wholesale value of rubber products in 1925 totaled $1,255,414,112, or an increase of 31 per cent over the value of products manufactured in 1923, and an increase of 317 per cent over products manufactured in 1914. The census of 1925 covers 498 rubber factories employing 141,121 workers whose total wages amounted to $190,562,920. This compares with the census of 1923 when 529 factories were listed, employing 137,868 workmen whose total wages were $182,084,056.

I am glad to see that the distinguished Speaker of the House has just come in, because Mr. Hoover has been claiming a lot of credit for the great interest in this rubber proposition. Now, away back when it started the man who really called attention to it, if there is any credit to be given for it, was the distinguished Speaker of this House. Hoover came along a little late, when he got ideas of being President and when he became anti-British, but the Speaker of the House saw the thing away in advance of the distinguished gentleman now in the Department of Commerce. [Applause.]

We have had gouging American rubber pools before. The first was known as the New York Trading Co.:

[From the India Rubber World, October 1, 1922]

In 1880 several of the larger rubber-goods manufacturers formed the New York Trading Co. to buy and sell crude rubber. The capital was $100,000, yet, within a period of five years, $1,000,000 was paid in dividends. During that time no one outside the group controlling this close corporation scarcely knew of its existence. Each of the member firms bought and sold rubber supposedly for its own account, but actually for the account of the New York Trading Co. In this way it was able to hold a remarkable control over market prices. That combination "in restraint of trade" was perhaps the nearest approach to monopoly that has ever been experienced in the rubber trade and it certainly exercised a control over a longer period than any individual or corporation has ever been able to effect. Such a condition would scarcely be possible at the present time because of the legislation, even though such purchasers were bona fide buyers and not speculators.

There is no necessity for this thing, whether the British remove the restrictions or not. American interests control 200,000 acres in the East, and I quote this from the India Rubber World of January 1, 1928:

It is confidently predicted that within but a few years American interests will control sufficient production to preclude the chance of either rubber shortage or adverse price regulations.

Mr. SCHAFER. Will the gentleman yield there?

Mr. BLACK of New York. No; I can not yield. This is from the Indian Rubber World of February, 1928:

Countries not under British flag produced one-third rubber in 1922 but will produce over one-half in 1928.

The United States used 63.8 of the world's rubber in 1927, and we will use 63.5 in 1928. Non-British rubber in 1928 will be over 50 per cent of world's rubber. We had 110,000 tons on hand in January, which would take care of one-fourth of our requirements.

And that is what has happened to the British rubber monopoly. The Dutch have come in and have taken away their market. Another thing that has happened to them is that the planters made so much money that they were able to invest in other plantations and increase their supply of rubber. The British in 1927 got $300,000,000 less for their exports than they did in 1926, although they exported 60,000 more tons in 1927 than in 1926. The American crude rubber bill in 1927 was $166,000,000 less than in 1926, but the imports were 13,400,000 tons greater.

The Times Trade and Engineering Supplement (London, February 11), commenting on the announcement, states:

This means that the failure of the restriction scheme is now officially recognized. * * * The scheme failed solely because it ignored the fact that rubber is not a British monopoly and that any reduction in the British output might be offset by increased foreign output."

The Economist (London, February 11) welcomes the inquiry with the following statement:

"Various changes have been made [in the scheme] from time to time, but the general effect has been to stereotype British production at a level which, taken over the five years of the scheme's existence, shows little change from that of the years 1920 to 1922, an increase in world demand over the same period of about 55 per cent having been taken up by increased output on the part of producers outside the Empire. As the British Empire last year produced only 49½ per cent of the world's rubber, as compared with an average of 72 per cent in 1920–1922, the maintenance of restriction in an effective form has tended to entail growing hardship on many producers, and as recently as the last three months numerous estates in Malaya have suffered curtailments of their assessments averaging from 15 to 20 per cent."

The London Statist (February 11) says:

"There can be no doubt that those responsible for the reenactment of restriction on present lines have brought about a most difficult situation, and one from which it will not be easy to extricate the British plantation industry. This, apparently, has now been realized by the Government, and an announcement has been made this week upon which it is scarcely necessary to comment. Into it can only be read a growing uneasiness on the part of the Government regarding the working of restriction."

The Government announcement also excited the Malayan press to make strong pertinent comments.

The Straits Times, always a stalwart champion of restriction, advises calmness, declaring that if restriction goes, it will be a comfortably long time dying.

The Singapore Free Press expresses the hope that the committee will not report too hastily, and is pessimistic as to the possibility of reaching any agreement with the Dutch.

The antirestrictionist viewpoint is supported by the Penang Gazette, which argues that the producing industry retains sufficient vitality to rehabilitate itself in open competition. It suggests that it were better that a number of weak plantations failed now rather than that a continuance of the present economic policy eventually dragged down the weak and the strong together.

In Ceylon it is reported that a motion introduced in the Ceylon Legislature recommends to the government the urgent desirability of acceding to the general opinion of local rubber interests in removing the rubber restriction measures.

There is another thing about it that the distinguished statistician of the Republican Party, Mr. Newton, overlooked and that is this, that the cost of crude rubber has been less than the cost of raw materials used in practically every other line of manufacture. That has been demonstrated by the charts prepared by the rubber exchange. The rubber curve is much lower all the way through than the curve of other crude costs. The rubber industry paid 72.99 for its materials in 1925 as against 73.05 paid by other industries. The rubber companies' profits were 8.98 as against 6.74 for other industries.

Now, it is very plain to me that this pool is either legal or illegal. If it is illegal we are only the legislative branch of the Government. We do not run grand juries and we do not make indictments or anything like that. If it is illegal this question does not belong here; it belongs somewhere else. If it is illegal we should not be called upon to give these gentleman a legislative immunity bath.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. DYER. Mr. Chairman, I yield five minutes to the gentleman from Connecticut [Mr. TILSON]. [Applause.]

Mr. TILSON. Mr. Chairman, announcement was made yesterday by the British Prime Minister in the House of Commons that the British rubber monopoly would be brought to an end on November 1 next. I consider this an event of great importance in world trade. In considering this proposition I think honor ought to be given where honor is due. It seems to me that the gentleman from New York [Mr. BLACK], who has just taken his seat, has strained a point in trying to discredit the Secretary of Commerce for what he has done in this matter. On

the contrary, I think the Secretary of Commerce is due the thanks and gratitude of the people of the entire country and of the world for what he has done. [Applause.]

You will recall that in January, 1923, Secretary Hoover in strong terms called public attention to the growing action of various foreign governments creating by legislation monopolies in raw materials upon which we in the United States were dependent by imports. You will recollect that he unceasingly brought this matter before the American and world public as not only a drive against the American consumer but as a world danger. At that time these government monopolies had been created in eight or nine important commodities and prices were being lifted against the American consumer. Several other such commodities were under consideration for similar organization.

The rubber monopoly became the most successful of these attempts to hold up artificial prices against the consumers of the world, more particularly ourselves since we consume 75 per cent of the rubber of the world, and prices advanced from 36 cents a pound, which was announced by the monopoly as a fair price, to as high as $1.21 a pound.

After conferring with Mr. Hoover as to what the situation was and what might be done, I introduced a resolution, which was referred to the Committee on Interstate and Foreign Commerce. That great committee, through a series of public hearings, gave material assistance to the organization set up by Secretary Hoover to combat this situation. It was a serious situation, because we import 900,000,000 pounds of rubber annually, and this excessive price meant a drain on our consumers of $600,000,000 a year even over and above the so-called fair price. As a matter of fact, at the so-called fair price we would have paid approximately $300,000,000 for our annual rubber supply, whereas we actually did pay $508,000,000 in 1926—a total of nearly $300,000,000 in excess of the fair price, and even the fair price was high enough to give an assured profit to the grower.

The campaign organized against rubber monopolies by which the American consumer and manufacturer joined in conservation and the use of substitutes, relieved this situation and the price soon fell to 40 cents per pound, and to-day there is an abundance of rubber at 25 cents a pound or less.

This action was of more widespread importance than even the immediate great savings to our farmers, our workmen, and our public, who are now realizing a reduction of nearly 40 per cent in the cost of their automobile tires. The example in the case of rubber has served as a solemn warning against the formation of new organizations of this kind. Bureaucratic price-fixing devices have proved a failure even under most favorable conditions. It should be a warning against all attempts to set up such activities in the future.

The world discussion which was brought out as the result of the resistance initiated by Secretary Hoover to the activities of the rubber control had material influence on the resolutions of the International Economic Conference in Geneva last May by which the members of that conference unanimously expressed their sentiments against such organizations. As I said at the outset, the consumers of the United States and of the world at large owe Secretary Hoover a debt of gratitude for the resolute leadership he took in the fight to free international trade from one of the most threatening devices.

In considering the resolution introduced by me the Committee on Interstate and Foreign Commerce of the House held extended and illuminating hearings, and finally, through the gentleman from Minnesota [Mr. NEWTON], who has discussed the question this afternoon, submitted a report, giving a great deal of very valuable information.

The effect of the hearings and of the entire attack upon the rubber combination was that the price of rubber was very materially reduced. The people in this country who use rubber were being mulcted, I might say, or at least they were being compelled to pay many hundreds of millions of dollars beyond a fair price. As a direct result of the efforts of Mr. Hoover and others in connection with the matter, the price was brought down to what may be considered and has been admitted to be a fair price. The charts exhibited here tell the story.

Mr. CELLER. Will the gentleman yield for one brief question?

Mr. TILSON. Yes.

Mr. CELLER. Will the gentleman tell the members of the committee what effect the use of balloon tires had upon the demand for rubber?

Mr. TILSON. I presume that if it took a little more rubber to manufacture balloon tires this would naturally increase the demand and would have a tendency to increase the price.

Mr. CELLER. Is not that one of the reasons for the abrupt rise in price as shown on that chart?

Mr. TILSON. I could not accept that statement entirely. Other elements entered into it.

Mr. COHEN. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. COHEN. Is it not the fact that balloon tires ran two or three times as long as the smaller tires?

Mr. TILSON. The statement of the gentleman from New York is probably correct.

Mr. SUMNERS of Texas. Will the gentleman yield for a question?

Mr. TILSON. Yes.

Mr. SUMNERS of Texas. In view of the good work that the Secretary of Commerce has done, does not the distinguished leader think the best thing to do is to just let this situation rest like it is?

Mr. TILSON. No. Whether this importing combination may or may not be doing an illegal thing, I believe, in view of what has happened, there should be a legal method by which the attack on such foreign combines can be carried further if necessary.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. CHINDBLOM. This announcement about November 1, of course, is good in prospect, but we will not be in session in November.

Mr. TILSON. And we do not know who may be Prime Minister of England at that time or whether the announcement as to November 1 will go into effect. If it is done and the combination is done away with, no harm whatever will have been done by the passage of this bill.

Mr. CHINDBLOM. And the Congress will not be in session in November.

Mr. TILSON. No; our Congress will probably not meet until December, so that in view of all these facts, it seems to me this bill ought to be passed so that we may have this weapon in hand ready for use. [Applause.]

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. DYER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LUCE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 8927) to amend the act entitled "An act to promote export trade, and for other purposes," approved April 10, 1918, had come to no resolution thereon.

M'NARY-HAUGEN BILL

Mr. FORT. Mr. Speaker, an examination of the RECORD discloses that the permission granted to file minority views was personal to two members of the committee and was with respect to the bill H. R. 7940, which has been reintroduced as H. R. 12687. I now ask unanimous consent that any member of the minority on the committee may be granted five legislative days within which to file minority views on the bill H. R. 12687.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

MINORITY VIEWS ON H. R. 11411

Mr. SPROUL of Kansas. Mr. Speaker, I ask unanimous consent that as a member of the Committee on Mines and Mining I may have five legislative days within which to file minority views on the bill H. R. 11411.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

FLOOD LEGISLATION

Mr. COCHRAN of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the flood control bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COCHRAN of Missouri. Mr. Speaker and Members of the House. Since the bill known as the Jones flood control bill passed the Senate I have received a number of letters and telegrams urging me to support the measure. I heard from the Governor of Missouri, other public officials, and business men. The letters indicate there is some doubt in the minds of some people as to the attitude of members of the Missouri delegation in the House on flood-control legislation. Why such a doubt should exist, if it does exist, is beyond me to comprehend. I made inquiry of other members of the Missouri dele-

gation and am informed they too received numerous letters along this line.

The Missouri delegation, both in the House and Senate, has been active since the flood in its demand for adequate legislation of this character. Senator HAWES, as a member of the Commerce Committee of the Senate, assumed a prominent part in framing the amended Jones bill. Senator JAMES A. REED made every effort to convince the President an extra session of Congress should be called last spring and from that time on has urged the passage of a real flood control bill.

As to the Members of the Missouri delegation, all have anxiously awaited an opportunity to vote on the subject, and it is my opinion the bill will receive the support of the 16 Members from my State on the final roll call. I do not know of a Member who is opposed to the bill.

Naturally, I want to see the best bill that can be passed sent to the President. When the Jones bill came from the Senate, I suggested it would be well if the measure was taken from the Speaker's table and passed, but others insisted the committee desired to consider proposed amendments which would make it more liberal.

The gentleman from Missouri [Mr. NELSON], who is a member of the Flood Control Committee, said there was room for improvement. He is well informed on the subject and devoted months of his time, night and day, assisting to work out a bill that would accomplish the desired results. The House committee is to be commended because it has reported the Jones bill with amendments, which makes it a much improved measure than the one that passed the Senate.

The President comes in at the eleventh hour and asks for further amendments. I sincerely hope the committee will make such changes as will satisfy the President and the Rules Committee will bring in a rule which will enable the House to consider the bill next week. We have waited nearly a year, and there should be no further delay.

While the high water did not cause any damage to my home city, St. Louis, we are to-day affected by the flood, because our merchants have lost a market of millions of people. Our factories are feeling the loss of the purchasing power of the people of the Mississippi Valley.

As I told the Flood Control Committee months ago, the people of St. Louis want to see a bill passed which will provide improvements that will prevent a recurrence of this great disaster. Further, they are demanding that the Federal Government shoulder the entire financial obligations, as they know full well the people of the valley have no funds to meet any portion of the cost.

There should be one responsibility, as the report of the House committee suggests, and I have always contended that the responsibility rests with the Government.

I heard the distinguished Speaker of the House say at the flood-control conference in Chicago that he was anxious to see two bills passed as soon as Congress convened. One was a flood control bill and the other awarding the Congressional Medal of Honor to Col. Charles Lindbergh. When Congress convened I introduced a bill now Public law No. 1, of the Seventieth Congress, awarding the Congressional Medal of Honor to Colonel Lindbergh. I hope within a few days to cast my vote for and see a bill passed that will complete the Speaker's program, as announced at Chicago last summer, and my only regret is that the flood control bill was not passed early in December so it could have been recognized as Public law No. 2, of the Seventieth Congress.

I will add as part of my remarks a copy of a letter I have written to the Governor of the State of Missouri. The letter follows:

WASHINGTON, D. C., *April 5, 1928.*

Hon. SAM A. BAKER,
Governor, Jefferson City, Mo.

MY DEAR GOVERNOR: I was mighty pleased to receive your letter of the 28th, acknowledged a few days ago. Since answering your communication I have become convinced from the tone of your letter, as well as a number of others I have since received on the same subject, that some one has sent a circular communication to the State which would tend to convey the impression that Members of Congress from Missouri, including myself, were not in favor of adequate flood legislation.

Speaking for myself, I want to say that since last spring no Member of Congress has been more active in trying to secure not only an adequate flood protection law but also a bill granting some relief to the stricken people of the Mississippi Valley.

Immediately after the flood I sent three telegrams to the President, urging an extra session of Congress so that flood legislation could be passed and the money taken from the $600,000,000 surplus which existed at the time, but which, on July 1, was used toward the reduction of the public debt.

I attended the flood conference in Chicago and made every effort to start a movement to demand that the conference include in the resolutions adopted a request for an extra session of Congress. In that I found in the end I had the support of three men, Representative BYRNS, of Tennessee; Representative RAINEY, of Illinois; and Representative ASWELL, of Louisiana.

Most everyone else who attended that conference with whom I came in contact seemed to confine their efforts to making complimentary speeches in reference to the various public officials who were taking part in the conference and who had been active in reference to flood relief. Frankly, I will say the conference reminded me of a meeting of a mutual admiration society and if it accomplished anything I have been unable up to this time to discover it.

While the Jones bill might be satisfactory to the Senate, it is not entirely satisfactory to me, but if in the end we can not secure better legislation, which would be of more benefit to the people of the Mississippi Valley, I will support the Jones bill.

However, the House committee, which has been in session since last November, and before which I appeared in behalf of this legislation, on Saturday reported the Jones bill, with certain amendments, and it is my purpose to support these amendments and not try and pass the bill as it was approved by the Senate.

The amended bill is a much better measure for the State of Missouri and other States in the valley than the one which passed the Senate. Under the terms of the Jones bill the civil engineers on the commission could be appointed from the Army, but the House bill provides that they must be selected from civilian life. The amended bill further definitely provides for tributaries. It also creates a $5,000,000 emergency fund to be used anywhere and at any time, as well as a provision for investigations and additional money for surveys.

Congressman WILLIAM L. NELSON, who represents the eighth district, which includes Jefferson City, is the Missouri member of the Flood Control Committee of the House, and is to be commended for his work in connection with the amended bill. I have cooperated with him and will continue to do so. Flood-control legislation has no more sincere friend in Congress than Mr. NELSON.

I write at length because I desire you and others to know my attitude toward flood legislation, and I might also add that every Member of the House from Missouri has, like myself, anxiously awaited an opportunity to support a bill which would provide for adequate flood protection.

With kind regards, sincerely yours,

JOHN J. COCHRAN.

THE LATE SENATOR ANDRIEUS A. JONES

Mr. MORROW. Mr. Speaker, I ask unanimous consent for the present consideration of an order, which I send to the Clerk's desk.

The SPEAKER. The gentleman from New Mexico asks unanimous consent for the present consideration of an order, which the Clerk will report.

The Clerk read as follows:

Ordered, That Sunday, the 15th of April, 1928, following the memorial services for Hon. WALTER W. MCGEE, be set apart for addresses on the life, character, and public services of the Hon. ANDRIEUS A. JONES, late a Senator from the State of New Mexico.

The SPEAKER. Is there objection to the request of the gentleman from New Mexico?

There was no objection.

The order was agreed to.

PATENT RIGHTS AT MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on patent rights issued by the Patent Office.

The SPEAKER. The gentleman from South Carolina asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. McSWAIN. Mr. Speaker, some Members of Congress, and some persons not members of Congress but interested in the general subject of development at Muscle Shoals, have expressed some concern about the constitutionality of the provisions of section 19 of the bill proposed by the Military Affairs Committee as a substitute for the Norris bill, which passed the Senate.

I now propose to show very conclusively, I submit, that the provisions of section 19, relating to patent rights, is not only in harmony with existing law but is in several respects more liberal and therefore more favorable to the holders of patent rights than the general law itself. Prior to the passage of the act of June 25, 1910, which bestowed upon the holder of a patent a right of action in the Court of Claims against the Government for the use by the Government of any patent issued by the Patent Office of the United States, a patentee was wholly

without remedy. The Court of Claims could not entertain jurisdiction of an action for compensation unless the action was based on contract. The court of equity could not restrain by injunction the use by the Government of the patent, because the sovereign can not be sued and enjoined except in cases where the sovereign has expressly consented by statute to be sued. Hence, the result was that patentees were completely at the mercy of the Government in case the Government saw fit to use any patent device, process, or formula in regard to which a patent might have been issued out of the Patent Office. The general law is correctly stated at page 818 of 30 Cyc., as follows:

* Right of Government to use invention: Although the consent of the owner of a patented device is not positively necessary in order to enable the United States Government to use the invention described in the letters patent, particularly in cases where it relates to the mode of construction of implements of warfare needed by the Government, it has no right to use a patented invention without compensation to the patentee. When it grants letters patent for a new invention or discovery in the arts, it confers upon the patentee an exclusive property in the patented invention which can not be appropriated or used by the Government itself, without just compensation, any more than it can appropriate or use without compensation land which has been patented to a private purchaser. Nevertheless, no injunction can be obtained against the Government or against an official acting for the Government unless expressly permitted by act of Congress, nor can suit be maintained against the Government for damages for the infringement. It is not liable to suits founded in tort. While compensation can be obtained by suit on an express or implied contract, this is the only method by which it may be obtained.

The Constitution of the United States does not confer any patent rights, but only gives Congress the power to encourage the useful arts and sciences by guaranteeing to authors and inventors the exclusive use of their respective writings or inventions for a limited time. In the exercise of this power Congress has seen fit to confer this right of exclusive use under certain conditions and restrictions and limitations. It can not be denied that the sovereign which confers a right to a subject or to a citizen, may confer that right subject to conditions and limitations. A patent right is not a natural right such as is the right of life, liberty, or the pursuit of happiness. In fact a patent right does not stand in the same category as the right of ownership and possession to real estate or to tangible personal property, such as the products of the farm grown upon real estate. A patent right is a right created by statute, and while it is an absolute safe and secure right as against all citizens, no power in the Nation can restrain the strong arm of the Government itself in its power and right to use for itself the benefits of any patent that may have been issued by it.

PATENT OFFICE OPEN TO PUBLIC

The Patent Office contains no secrets, except as to pending applications for patents. Patents which have been issued are subject to public inspection. If any citizen sends to the Commissioner of Patents a small fee of 10 cents, he may receive a descriptive copy of any patent that has ever been issued by the Patent Office. The benefit of the patent consists in protecting to the patentee the right of use for himself or of use for those and in those to whom the patentee may have assigned, in whole or in part, his exclusive rights. Hence, if any citizen can go to the Patent Office and see all of the records there, surely the Government, of which the Patent Office is a part, has access to all the information therein contained. Since the Government is not restrained in its use of information which it may possess, then the Government may use any patent and the Government out of a sense of justice and fairness gives to any patentee the right to bring an action in the Court of Claims for compensation on account of the use of such patent.

UNITED STATES SUPREME COURT DECISIONS

The law as it stood prior to the act of June 25, 1910, is correctly stated and in comprehensive manner in the opinion of Mr. Justice Gray in the case of Belknap *v.* Schild (161 U. S. 10; 40 Lawyers' Ed. 599).

The case of Crozier *v.* Krupp (224 U. S. 290; 56 Lawyers' Ed. 771) was decided April 8, 1912, and the unanimous opinion of the court was rendered by Chief Justice White holding that under the act of June 25, 1910, the sole and exclusive remedy of a patentee whose patent was used by the Government is an action in the Court of Claims for compensation. The following language of the court is quoted to illustrate that the Supreme Court of the United States indorsed the general views heretofore announced.

In other words, the situation prior to the passage of the act of 1910 was this: Where it was asserted that an officer of the Government had infringed a patent right belonging to another—in other words, had taken his property for the benefit of the Government—the power to sue the United States for redress did not obtain unless, from the proof, it was established that a contract to pay could be implied; that is to say, that no right of action existed against the United States for a mere act of wrongdoing by its officers. Evidently inspired by the injustice of this rule as applied to rights of the character of those embraced by patents, because of the frequent possibility of their infringement by the acts of officers under circumstances which would not justify the implication of a contract, the intention of the statute to create a remedy for this condition is illustrated by the declaration in the title that the statute was enacted "to provide additional protection for owners of patents." To secure this end, in comprehensive terms the statute provides that whenever an invention described in and covered by a patent of the United States "shall hereafter be used by the United States without license of the owner thereof or lawful right to use the same, such owner may recover reasonable compensation for such use by suit in the Court of Claims." That is to say, it adds to the right to sue the United States in the Court of Claims already conferred when contract relations exist, the right to sue even although no element of contract is present.

And to render the power thus conferred efficacious the statute endows any owner of a patent with the right to establish contradictorily with the United States the truth of his belief that his rights have been, in whole or in part, appropriated by an officer of the United States; and if he does so establish such appropriation, that the United States shall be considered as having ratified the act of the officer and be treated as responsible pecuniarily for the consequences. These results of the statute are the obvious consequences of the power which it confers upon the patentee to seek redress in the Court of Claims for any injury which he asserts may have been inflicted upon him by the unwarranted use of his patented invention and the nature and character of the defenses which the statute prescribes may be made by the United States to such an action when brought. The adoption by the United States of the wrongful act of an officer is, of course, an adoption of the act when and as committed and causes such act of the officer to be, in virtue of the statute, a rightful appropriation by the Government, for which compensation is provided. In substance, therefore, in this case, in view of the public nature of the subjects with which the patents in question are concerned and the undoubted authority of the United States as to such subjects to exert the power of eminent domain, the statute, looking at the substance of things, provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides.

In the case of United States *v.* Farnham (240 U. S. 538, 60 Lawyers' Ed. 786) the court is again considering the general subject under review and reaffirmed the case of Crozier *v.* Krupp (224 U. S. 290) and a number of other cases cited and established beyond controversy the propositions herein announced.

THE WAR POWER

Making application of the doctrines of the United States Supreme Court to section 19 of the pending bill, it will be observed that the Muscle Shoals corporation is declared to be an instrumentality and agency of the Government for the purpose of executing its constitutional powers. What constitutional powers are sought to be exerted by the bill? First and foremost and manifestly, the war power is invoked. The war power is ever present and at all places.

It is not merely a power that exists in time of war but it exists in time of peace to be ready for war, if war be inevitable. In fact, it may be equally, if not more important, that the Government, through Congress, should have the power to exert the war power before the actual declaration of war than after such declaration. It might be too late to establish arsenals, munition plants, navy yards after war is declared. The act of June 3, 1916, giving to the President power to establish the project at Muscle Shoals was prior to any declaration of war. This Nation was no more involved in war on June 3, 1916, than it now is. It is indispensable as a part of the national defense program that the Government should be at all times in command of an adequate supply of nitrates with which to make explosives. These nitrates enter into gunpowder and into every other explosive charge. Without these explosives, rifles and cannons and bombs would be playthings; without these explosives armies and fleets would be useless; without these explosives airplanes and battleships and armored cruisers and submarines would be worse than idle toys. Hence Congress proclaims, as proposed by section 19, that in the operation of the Government properties at Muscle Shoals it is exercising the war power.

Furthermore, Congress proclaims that in the project at Muscle Shoals it is exercising the right to regulate interstate commerce. It has been repeatedly declared that control of navigable streams, and the construction of navigation facilities, including dams and locks, are all incidental applications of the constitutional right to regulate interstate commerce. Since the corporation contem-

plated by the bill is proclaimed to be the agent and instrumentality of the Government, being the creature of the Government, being subject to be repealed at any time by the Government, it is in legal contemplation, the Government itself. It is more truly the Government than any Army officer, or any Navy officer, or any officer of the Department of Agriculture, or of the Interior Department, or of the Department of Commerce. Such officer is primarily a natural person and has an existence independent of that of the Government of the United States. But this corporation created to operate the Government properties at Muscle Shoals, to keep the Government prepared for war in its own defense, is declared to be created for the sole and express purpose of carrying out the constitutional powers of the Government to maintain itself ready to defend in war its very existence.

EXTENSION OF REMARKS—EXPORT TRADE

Mr. DYER. Mr. Speaker, I ask unanimous consent that those who have spoken to-day on the bill and those who speak to-morrow may have leave to revise and extend their remarks in the RECORD on the bill for five days after the conclusion of the bill.

The SPEAKER. The gentleman from Missouri asks unanimous consent that all Members of the House who speak on the bill and others who may desire may have five legislative days to extend their remarks in the RECORD. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker and gentlemen of the House, I know of no bill that we have considered on the floor of this House for the past seven years that contained more concealed dynamite than this bill, H. R. 8927. It is understood that we now have a rubber combination or monopoly known as the American rubber pool, controlling the importation and price of rubber. It is my belief that this monopoly has been and is operating absolutely without regard to Federal laws. In its operations for the past few years those interested in and controlling this monopoly have been able to make millions at the expense of the independent manufacturers and consumers of rubber goods. I believe further that if the Federal Trade Commission and those who are intrusted with the enforcement of the Federal laws governing combinations and monopolies would perform their duties we would now have a number of these parties on their way to the Federal prison. This bill, as I see it, proposes to accomplish two or three things, first to legalize an illegal combination or monopoly now operating without conscience or any regard for the law; second, will place the combination in a position whereby they may be able to continue to speculate and manipulate without the fear of the interference of the law; third, to save their own skins inasmuch as they have been caught at their own game.

It is generally agreed that 30 cents is a fair price for rubber; to-day rubber is selling for about 21 cents or about 9 cents per pound below the fair price when the price of rubber was soaring from 21 cents to the peak price of $1.21 and even thereafter when the price commenced to decline we did not hear these big boys crying out for a legalized monopoly to help them whip a foreign combination. They were perfectly satisfied with the way they were playing the game and with the income of their millions at the expense of the consumers of rubber, but now because of several legitimate reasons, the price of rubber has declined far below their expectations, and they having been caught with about 65,000 tons of rubber at a price of around 40 cents per pound, they are very much disturbed about a foreign monopoly and the great American consuming public. Is it a fact, my friends, that they are seriously concerned about the fellow who has to buy automobile tires or are they concerned about having the Federal Government behind this great American combination and to have this monopoly legalized to do the very thing that this Government and the American people have been trying to regulate and control since the foundation of this Government?

Because of the speculation on the part of this American combination and because of the restriction under the Stevenson Act, prices were forced so high that it caused an overproduction of rubber and now that Mr. Firestone, Henry Ford, and others having planted millions of acres in rubber-producing trees that will soon be coming on the market, naturally, the price is coming down. Now, therefore, the cry goes up by certain Members of Congress who seem to be ready at all times to represent special interest at the expense of the great masses. "Give us a legalized American monopoly for certain American citizens so that they can use, if needs be, illegal methods in bucking a foreign monopoly for the benefit of our American consumers." Why the gentleman from Minnesota [Mr. NEWTON] is bold to say that he is not concerned about or interested in this monopoly that he proposes to legalize under his bill but he is worried about the American consumer, especially the farmer. When has the gentleman from Minnesota become so interested in and sympathetic toward the farmer as to be able to stand upon the floor of this House and in his pleadings shed tears resembling the flow of the great Mississippi?

He has been an outstanding leader against all farm relief legislation which has been proposed in Congress for the last few years to put farmers in the control of their own business and on an equality with other industries. Gentlemen who are so concerned about the passage of their legislation and the consumers should be frank and fair in their statement. Some days ago the rubber pool put up about $60,000,000, getting ready to operate under the gentleman's bill. Immediately rubber advanced about 2 cents per pound, in the meantime the announcement was made that the restrictions now enforced to control the price of rubber in Great Britain would be withdrawn about November 1, and immediately the price of rubber declined. On April 5 the directors of the United States Rubber Co. failed to pay their usual quarterly dividend of $2 per share on their 8 per cent preferred stock due at this time, making a statement that the payment was deferred because of the losses on their stock of crude rubber on account of the decline in prices.

Inasmuch as rubber has declined from $1.21 to about 25 cents a pound, the proponents of this legislation should be prepared to insert in the RECORD a statement showing that this great American rubber monopoly has given the benefit of this tremendous decline to the consumers of rubber and rubber tires.

They have failed to do it and I believe that it will be impossible for them to do it. They have included in this bill potash and sisal, but, of course, this is a joke and is done for the purpose of securing the indorsement of farmers and votes for the bill. This part of the bill as stated by the gentleman from New York [Mr. LAGUARDIA] is simply a window dressing. The gentleman from Maine [Mr. HERSEY] in his speech acknowledged the fact that we have an American Fertilizer Trust controlling and fixing the price of potash and nitrates in America. Yet, he is more interested in legalizing a similar combination to fix and control the price of rubber than he is in having these American combinations investigated and placed in Federal prison because of their highway robbery in manipulating and fixing prices, thereby robbing the American farmers. If these gentlemen are interested in the farmers of America they should be advocating legislation that would develop the potash beds of America and that would turn Muscle Shoals into a fertilizer plant in competition to these trusts that he speaks about and which would be in the interest of the farmer.

The gentleman from Minnesota speaks of the monopolistic control of the Chilean Government over the great acres of the nitrate beds in Chile, yet the Congress for the past 10 years has refused to turn Muscle Shoals into a fertilizer plant thereby forcing farmers to pay to the Chilean Government from $10 to $12 tax on every ton of nitrate imported from Chile, to say nothing of the extra freights. More than that, as stated by the gentleman from Maine, inasmuch as W. R. Grace & Co., du Pont, and about two other concerns, some of them being part owners of the Chilean nitrate beds, having a monopoly on the importation of practically all of the nitrates imported from Chile, they have been able to fix the price to the American farmer regardless of the Chilean Government.

Last July, 1927, the restrictions on competition on Chilean nitrates were removed, and nitrates that had been selling from $50 to $60 per ton prior to that time declined to $40 and $42 per ton f. o. b. Southern ports. Now that the fertilizer season is on, and farmers—my cotton farmers of the South—being at the mercy of these American combinations that you propose to legalize under this bill, have advanced the price to $48 and $55 per ton to farmers.

Farmers in the South are compelled to buy Chilean nitrates through the agents representing these American monopolies, regardless of the price, because it is the only successful weapon that we have to combat the cotton-boll weevil in the South; yet when we proposed legislation last fall to place the cotton farmer in a position whereby he would be able to take off the surplus, when blessed with one that always fixes the price on the whole crop and usually at a price below the cost of production, the gentleman from Minnesota, and practically every man favoring this legislation, raised a rough-house and voted against the farmers' surplus control bill.

It is useless at this time to speak of the helpless and hopeless condition of the American farmer, his helpless and hopeless condition is an open book to every Member of this Congress.

Within the next few days we hope to bring on the floor of this House a farm relief bill, and I expect to watch with a

great deal of interest the maneuvers and the votes cast on this legislation by the proponents of this bill who are crying now in mournful tones for the American consumer and farmer.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. SIMMONS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 11133) making appropriations for the District of Columbia, with Senate amendments, disagree to the amendments of the Senate, and ask for a conference.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to take from the Speaker's table the bill, of which the Clerk will read the title.

The Clerk read as follows:

A bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes.

Mr. SNELL. Reserving the right to object, I would like to ask the gentleman from Nebraska if there are any important matters in the Senate amendments except the amendment affecting the fiscal policy of the District?

Mr. SIMMONS. Yes; there are several important amendments. It carries considerably over a million dollars more than it carried when it passed the House.

Mr. SNELL. I do not want to instruct the conferees, but I feel that the House has gone on record several times on this matter of the fiscal policy, and if I understand the situation of the House now there is a large majority in favor of the existing policy of a contribution of $9,000,000. I wish the gentleman would not agree to change that policy unless he comes back to the House for a record vote.

Mr. SIMMONS. I have no present intention of recommending any change in that policy.

Mr. SNELL. I wanted to mention it because I know the House has decided views along that line.

Mr. GARNER of Texas. Reserving the right to object, let us get that statement a little bit more definite. As I understand, the gentleman agrees to bring back to the House an opportunity to vote affirmatively on the Senate amendment changing the $9,000,000 contribution to the 60-40 plan?

Mr. SIMMONS. I am not making any agreement, and I do not think I should be asked to make one.

Mr. TILSON. I do not think the gentleman should be tied down to an agreement. He has given us assurance of his own views on the subject which will probably give the House an opportunity to vote on this proposition, but the conferees ought to have a full and free conference.

Mr. GARRETT of Tennessee. Every member of the conference committee on the part of the House—that I suppose is going to be upon it—is precisely of the same mind.

Mr. GARNER of Texas. I am glad to hear that.

The SPEAKER. The gentleman from Nebraska asks unanimous consent to take from the Speaker's table the District of Columbia appropriation bill, disagree to the Senate amendments, and ask for a conference. Is there objection?

There was no objection.

The Chair appointed as conferees on the part of the House Mr. SIMMONS, Mr. HOLADAY, and Mr. GRIFFIN.

LEAVE OF ABSENCE

By unanimous consent, the following leave of absence was granted:

To Mr. CLARKE (at the request of Mr. HOPE), for four days, on account of urgent business.

To Mr. BACON, for a few days, on account of important business.

ENROLLED BILLS SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 6993. An act authorizing the Secretary of the Interior to sell and patent certain lands in Louisiana and Mississippi;

H. R. 8725. An act to amend section 224 of the Judicial Code;

H. R. 9137. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Cumberland River on the projected State highway between Lebanon and Hartsville and Gallatin near Hunters Point, in Wilson and Trousdale Counties, Tenn.;

H. R. 9147. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a bridge across the Tennessee River, on the Jasper-Chattanooga road in Marion County, Tenn.;

H. R. 9197. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct, maintain, and operate a bridge across the Tennessee River on the Knoxville-Maryville road in Knox County, Tenn.;

H. R. 9198. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Tennessee River on the Paris-Dover road in Henry and Stewart Counties, Tenn.; and

H. R. 9199. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Cumberland River on the Dover-Clarksville road in Stewart County, Tenn.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1498. An act to extend the time for the construction of a bridge across the Chesapeake Bay, and to fix the location of said bridge; and

S. 2549. An act providing for payment to the German Government of $461.59 in behalf of the heirs or representatives of the German nationals, John Adolf, Hermann Pegel, Franz Lipfert, Albert Wittenburg, Karl Behr, and Hans Dechensreiter.

ADJOURNMENT

Mr. DYER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until to-morrow, Friday, April 6, 1928, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Friday, April 6, 1928, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON THE JUDICIARY

(10 a. m.)

For the relief of the State of North Carolina (S. 3097).

COMMITTEE ON EXPENDITURES IN THE EXECUTIVE DEPARTMENTS

(10 a. m.)

To provide for the transfer to the Department of the Interior of the public works functions of the Federal Government (H. R. 8127).

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

To amend the act entitled "An act to create the Inland Waterways Corporation for the purpose of carrying out the mandate and purpose of Congress, as expressed in sections 201 and 500 of the transportation act," approved June 3, 1924 (H. R. 10710).

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ELLIOTT: Committee on Public Buildings and Grounds. S. 2004. An act authorizing the paving of the Federal strip known as International Street, adjacent to Nogales, Ariz.; without amendment (Rept. No. 1138). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 12408. A bill authorizing custodians and acting custodians of Federal buildings to administer oaths of office to employees in the custodian service; without amendment (Rept. No. 1139). Referred to the House Calendar.

Mr. KOPP: Committee on Labor. H. R. 11141. A bill to require contractors and subcontractors engaged on public works of the United States to give certain preferences in the employment of labor; without amendment (Rept. No. 1140). Referred to the House Calendar.

Mr. HAUGEN: Committee on Agriculture. H. R. 12687. A bill to establish a Federal farm board to aid in the orderly marketing and in the control and disposition of the surplus of agricultural commodities in interstate and foreign commerce; without amendment (Rept. No. 1141). Referred to the Committee of the Whole House on the state of the Union.

Mr. MORROW: Committee on Indian Affairs. S. 1456. An act to authorize an appropriation for a road on the Zuni Indian Reservation, N. Mex.; without amendment (Rept. No. 1142). Referred to the Committee of the Whole House on the state of the Union.

Mr. HAUGEN: Committee on Agriculture. S. J. Res. 95. A joint resolution authorizing the Secretary of Agriculture to dispose of real property, located in Hernando County, Fla., known as the Brooksville Plant Introduction Garden, no longer required for plant-introduction purposes; without amendment (Rept. No.

1143). Referred to the Committee of the Whole House on the state of the Union.

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 12348. A bill to authorize the Secretary of the Navy to proceed with the construction of a boathouse at the United States Naval Academy, Annapolis, Md.; without amendment (Rept. No. 1144). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 11484. A bill authorizing a per capita payment to the Rosebud Sioux Indians, S. Dak.; without amendment (Rept. No. 1145). Referred to the House Calendar.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 9124) granting an increase of pension to Arthur F. Truitt; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 12612) for the relief of E. W. Gillespie; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 12730) prescribing the procedure for forfeiture of vessels and vehicles under the customs, navigation, and internal revenue laws; to the Committee on the Judiciary.

By Mr. DENISON: A bill (H. R. 12731) to suppress fraudulent practices in the promotion or sale of stocks, bonds, and other securities sold or offered for sale within the District of Columbia; to register persons selling stocks, bonds, or other securities; and to provide punishment for the fraudulent or unauthorized sale of the same; to the Committee on the District of Columbia.

By Mr. KNUTSON: A bill (H. R. 12732) authorizing the purchase of lands for the Chippewa Indians, in the State of Minnesota; to the Committee on Indian Affairs.

By Mr. HAWLEY: A bill (H. R. 12733) to authorize the refund of certain taxes on distilled spirits; to the Committee on Ways and Means.

By Mr. SMITH: A bill (H. R. 12734) providing for an air port for Burley, Idaho; to the Committee on Irrigation and Reclamation.

By Mr. ASWELL: A bill (H. R. 12735) to authorize the establishment of the northwest Louisiana game and fish preserve, and for other purposes; to the Committee on Agriculture.

By Mr. GREGORY: A bill (H. R. 12736) for the erection of a public building at the city of Princeton, State of Kentucky, and appropriating money therefor; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 12737) for the erection of a public building at the city of Murray, State of Kentucky, and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. ZIHLMAN: A bill (H. R. 12738) to provide for the reinterment of bodies now interred in the grounds of St. Francis de Sales Church in the District of Columbia; to the Committee on the District of Columbia.

Also, a bill (H. R. 12739) to provide books and educational supplies free of charge to pupils of the public schools of the District of Columbia; to the Committee on the District of Columbia.

By Mr. STOBBS: Joint resolution (H. J. Res. 263) authorizing the president and fellows of Harvard College to erect on public grounds in the District of Columbia a monument to Maj. Gen. Artemas Ward; to the Committee on the Library.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Mississippi, urging the passage of the McNary-Haugen farm relief bill; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAND of Ohio: A bill (H. R. 12740) granting a pension to Annie Corbitt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12741) granting an increase of pension to Emma Brown; to the Committee on Invalid Pensions.

By Mr. BRIGHAM: A bill (H. R. 12742) granting an increase of pension to Lana Titus; to the Committee on Invalid Pensions.

By Mr. BUTLER: A bill (H. R. 12743) for the relief of Albert Armstrong; to the Committee on Military Affairs.

By Mr. CHINDBLOM: A bill (H. R. 12744) granting an increase of pension to Sebastian Rettig; to the Committee on Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 12745) granting a pension to Ellen J. Clark; to the Committee on Invalid Pensions.

By Mr. COLE of Maryland: A bill (H. R. 12746) granting a pension to Mary C. Cook; to the Committee on Invalid Pensions.

By Mr. FULMER: A bill (H. R. 12747) granting a pension to Mary Julia Thomas; to the Committee on Pensions.

By Mr. GIFFORD: A bill (H. R. 12748) granting an increase of pension to Alice S. Holbrook; to the Committee on Invalid Pensions.

By Mr. GRAHAM: A bill (H. R. 12749) for the relief of the estate of Richard W. Meade, deceased; to the Committee on Claims.

By Mr. JOHNSON of Washington: A bill (H. R. 12750) granting an increase of pension to Jane Elizabeth Carr; to the Committee on Invalid Pensions.

By Mr. KNUTSON: A bill (H. R. 12751) for the relief of the Cold Spring Brewing Co., of Cold Spring, Minn., a corporation; to the Committee on Claims.

By Mr. LONGWORTH: A bill (H. R. 12752) granting an increase of pension to Martha L. McSurely; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12753) granting an increase of pension to Anna Huls; to the Committee on Invalid Pensions.

By Mr. LUCE: A bill (H. R. 12754) granting a pension to Ephraim Baptiste; to the Committee on Pensions.

By Mr. McREYNOLDS: A bill (H. R. 12755) for the relief of Blanche Burkhart Strange; to the Committee on Naval Affairs.

By Mr. MAPES: A bill (H. R. 12756) granting a pension to Martha Jane Owen Lambier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12757) granting an increase of pension to Susan H. Mann; to the Committee on Invalid Pensions.

By Mr. MORROW: A bill (H. R. 12758) for the relief of Una May Arnold; to the Committee on Claims.

By Mr. PALMISANO: A bill (H. R. 12759) for the relief of the Sanford & Brooks Co. (Inc.); to the Committee on Claims.

By Mr. SPEAKS: A bill (H. R. 12760) granting an increase of pension to Elizabeth A. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12761) granting an increase of pension to Ida L. Moore; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12762) granting an increase of pension to Rosamond T. Will; to the Committee on Invalid Pensions.

By Mr. TILSON: A bill (H. R. 12763) granting a pension to Timothy Shea; to the Committee on Pensions.

By Mr. VINSON of Georgia: A bill (H. R. 12764) for the relief of Commander Chester G. Mayo; to the Committee on Naval Affairs.

By Mr. WEAVER: A bill (H. R. 12765) for the relief of Laura E. Alexander; to the Committee on Claims.

Also, a bill (H. R. 12766) for the relief of Mattie D. Jacobs; to the Committee on Claims.

By Mr. WHITE of Colorado: A bill (H. R. 12767) granting a pension to Harriet E. Carter; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

6434. Resolution passed by the last meeting of the Takoma, D. C., Citizens Association, in regard to District appropriations; to the Committee on Appropriations.

6435. Petition of the New York Patent Law Association, Mr. Crichton Clarke, secretary, transmitting copy of report and recommendations of the committee on copyrights of said association; to the Committee on Patents.

6436. By Mr. BACHMANN: Petition of Elizabeth Wright and other citizens of Moundsville, Marshall County, W. Va., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune in order that relief may be accorded to needy and suffering veterans and their widows; to the Committee on Invalid Pensions.

6437. By Mr. BOHN: Petition of voters of Charlevoix County, Mich., urging that immediate steps be taken to bring to a vote a Civil War pension bill; to the Committee on Invalid Pensions.

6438. By Mr. BURTON: Resolution of Court Columbia No. 104, Independent Order of Foresters, Cleveland, Ohio, at a meeting held March 26, 1928, indorsing the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6439. Also, resolution of I. L. A. Local No. 3, Cleveland, Ohio, indorsing the Dale-Lehlbach retirement bill (H. R. 25 and S. 1727); to the Committee on the Civil Service.

6440. By Mr. CASEY: Petition of citizens of Wilkes-Barre, Dallas, Shavertown, Kingston, and other cities and towns in Luzerne County, Pa., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates as proposed by the National Tribune; to the Committee on Invalid Pensions.

6441. Also, petition of Mr. and Mrs. H. G. Lewis, of Shavertown, Pa., and 548 other citizens of the twelfth congressional district protesting against House bill 78, Lankford Sunday observance bill; to the Committee on the District of Columbia.

6442. By Mr. DENISON: Petition of various citizens of Union County, Ill., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6443. By Mr. DOUGLAS of Arizona. Petition indorsing legislation increasing pensions for Civil War veterans, their widows, and children; to the Committee on Invalid Pensions.

6444. By Mr. ESTEP: Petition of the Bar Association of Allegheny County, J. S. Stadfeld, president, in opposition to House bill 1; to the Committee on Ways and Means.

6445. By Mr. HADLEY: Petition of residents of Bellingham, Wash., protesting against House bill 78; to the Committee on the District of Columbia.

6446. Also, petition of residents of Snohomish County, Wash., protesting against the Sunday closing bill (H. R. 78); to the Committee on the District of Columbia.

6447. Also, petition of residents of Skagit County., Wash., protesting against the Lankford Sunday closing bill; to the Committee on the District of Columbia.

6448. By Mr. HANCOCK: Petition of Elizabeth Campbell and other residents of Onondaga County, N. Y., in favor of increase in pensions of Civil War veterans and their widows; to the Committee on Invalid Pensions.

6449. By Mr. HASTINGS: Petition by citizens of Muskogee County, Okla., for action on a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6450. By Mr. HOCH: Petition of Elizabeth J. Reed and two other citizens of Yates Center, Kans., urging that immediate steps be taken to bring to a vote the Civil War pension bill; to the Committee on Invalid Pensions.

6451. Also, petition of F. L. Stone and 70 other voters of Parkerville, Kans., urging that immediate steps be taken to bring to a vote a Civil War pension bill; to the Committee on Invalid Pensions.

6452. Also, petition of Mrs. F. P. Frost and 60 other voters of Eskridge, Kans., urging that immediate steps be taken to bring to a vote the Civil War pension bill; to the Committee on Invalid Pensions.

6453. By Mr. HOWARD of Nebraska: Petition signed by Hon. Wilbur F. Bryant, of Hartington, Nebr., together with over 100 other citizens of Cedar County, praying for the passage of legislation for the relief of the suffering Civil War veterans and widows of Civil War veterans; to the Committee on Invalid Pensions.

6454. By Mr. WILLIAM E. HULL: Petition of E. E. Naylor and 56 others, of Peoria, Ill., for increase of pension for Civil War widows; to the Committee on Invalid Pensions.

6455. Also, petition of Irene Hempstead and 24 others, of Peoria, Ill., for increase of pension; to the Committee on Invalid Pensions.

6456. Also, petition of Edna S. Walker and 38 other citizens, of Peoria, Ill., for increase of pension for Civil War widows; to the Committee on Invalid Pensions.

6457. By Mr. JOHNSON of Oklahoma: Petition of F. M. Cabler, H. O. Proctor, and 24 other citizens, of Ninnekah, Grady County, Okla., urging an immediate vote on the proposal to increase pensions for veterans of the Civil War and their widows; to the Committee on Invalid Pensions.

6458. By Mr. JOHNSON of Washington: Petition of various citizens of Centralia, Wash., urging pension increases for Civil War veterans and widows; to the Committee on Invalid Pensions.

6459. Also, petition of various citizens of Olympia, Wash., urging pension increases for survivors of the Civil War and their widows; to the Committee on Invalid Pensions.

6460. Also, petition of Arthur Martin, of Littell, Wash., and 54 other citizens of Lewis County, Wash., opposing compulsory Sunday observance legislation; to the Committee on the District of Columbia.

6461. Also, petition of Frank Corpela and 22 other citizens, of Lewis County, Wash., opposing compulsory Sunday observance legislation; to the Committee on the District of Columbia.

6462. Also, petition of Andrew Semmen and 43 other citizens of Cosmopolis, Wash., opposing compulsory Sunday observance legislation; to the Committee on the District of Columbia.

6463. Also, petition of A. G. Rockwell and 45 other citizens of Hoquiam, Wash., favoring pension increases for Civil War veterans and widows; to the Committee on Invalid Pensions.

6464. Also, petition of Leighton V. Havens and 57 other citizens of Aberdeen, Wash., favoring pension increases for Civil War veterans and widows; to the Committee on Invalid Pensions.

6465. Also, petition of E. Murray and 33 other citizens of Aberdeen, Wash., opposing compulsory Sunday observance legislation; to the Committee on the District of Columbia.

6466. By Mr. KADING: Petition of citizens of Portage, Wis., favoring the passage of House bill 11410; to the Committee on the Judiciary.

6467. By Mr. KOPP: Petition signed by William Rankin and seven other residents of Keokuk, Iowa, on behalf of increased pensions for Civil War veterans and widows of Civil War veterans; to the Committee on Invalid Pensions.

6468. By Mr. KORELL: Petition of citizens of Portland, Oreg., urging increase in Civil War pensions; to the Committee on Invalid Pensions.

6469. By Mrs. LANGLEY: Petition of magisterial district No. 8, in Kentucky, petitioning Congress to bring to a vote the Civil War pension bill carrying rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6470. By Mr. LYON: Petition of certain citizens of Columbus, New Hanover, and Brunswick Counties, N. C., advocating increase in pensions for veterans of the Civil War and their widows; to the Committee on Invalid Pensions.

6471. By Mr. McREYNOLDS: Petition containing 61 names of the voters of St. Elmo, Hamilton County, Tenn., urging that immediate steps be taken to bring to a vote a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6472. By Mr. MEAD: Petition of numerous residents of Collins, N. Y., in favor of increased pensions for Civil War widows; to the Committee on Invalid Pensions.

6473. By Mr. NELSON of Maine: Petition of some 20 citizens of Readfield, Me., urging that immediate steps be taken to bring to vote a Civil War pension bill for the relief of widows and veterans, with rates as proposed by the National Tribune; to the Committee on Invalid Pensions.

6474. Also, petition of some 126 voters of Gardiner, Me., urging that immediate steps be taken to bring to vote a Civil War pension bill for the relief of widows and veterans, with rates as proposed by the National Tribune; to the Committee on Invalid Pensions.

6475. Also, petition of some 125 residents of Skowhegan, Me., urging that immediate steps be taken to bring to vote a Civil War pension bill for the relief of widows and veterans, with rates as proposed by the National Tribune; to the Committee on Invalid Pensions.

6476. Also, petition of some 140 residents of Chelsea, Me., urging that immediate steps be taken to bring to vote a Civil War pension bill for the relief of widows and veterans, with rates as proposed by the National Tribune; to the Committee on Invalid Pensions.

6477. By Mr. NEWTON: Petition by Hon. Cornelius J. McGlogan, of St. Paul, and others, for remedy of unemployment by work upon public improvements, etc.; to the Committee on Interstate and Foreign Commerce.

6478. By Mr. O'CONNELL: Petition of the National Parks Association, Washington, D. C., favoring the passage of the Wingo bill (H. R. 5729); to the Committee on the Public Lands.

6479. By Mr. PRALL: Petition of the New York State Federation of Women's Clubs, petitioning Congress to take favorable action on the Hawes-Cooper bill, received from Mrs. William Henry Purdy, president New York State Federation of Women's Clubs, 136 Park Avenue, Mount Vernon, N. Y.; to the Committee on Labor.

6480. Also, petition of the Hamilton Club, of Chicago, Ill., petitioning Congress to enact proper flood control measures to

be followed by appropriate legislation received March 30, 1928; to the Committee on Flood Control.

6481. Also, petition of the Hamilton Club, Chicago, Ill., petitioning Congress to support the Navy program now pending; to the Committee on Naval Affairs.

6482. By Mr. QUAYLE: Petition of Port Angeles Chamber of Commerce, of Port Angeles, Wash., urging that a 25 per cent ad valorem tax on cedar shingles and lumber imported into the United States; to the Committee on Ways and Means.

6483. Also, petition of Manhattan Broom Co., of New York City, urging the passage of the Hawes-Cooper bill; to the Committee on Labor.

6484. Also, petition of L. J. Lambert, of St. Paul, Minn., favoring the passage of the McSwain bill (H. R. 11756) to correct certain injustices in the promotion list of the Army; to the Committee on Military Affairs.

6485. Also, petition of New York State Federation of Women's Clubs, urging the passage of the Hawes-Cooper bill; to the Committee on Labor.

6486. Also, petition of American Foundation for the Blind (Inc.), in New York State, urging the passage of the Hawes-Cooper bill; to the Committee on Labor.

6487. Also, petition of Charles H. Damarest (Inc.), of New York, dealers in bamboo, rattan, and reeds, urging the passage of the Hawes-Cooper bill; to the Committee on Labor.

6488. Also, petition of National Society, Daughters of the American Revolution, of Salisbury, N. C., urging the passage of the Capper-Gibson bill; to the Committee on the District of Columbia.

6489. Also, petition of W. H. Recksiek, of San Diego, Calif., urging the passage of House bill 12032; to the Committee on Naval Affairs.

6490. Also, petition of American Federation of Labor, of Washington, D. C., urging the passage of the Senate amendment to the appropriation bill for independent offices, declaring for employment of seamen through the United States Shipping Commissioner's office; to the Committee on Appropriations.

6491. Also, petition of Norfolk-Portsmouth Chamber of Commerce, of Norfolk, Va., urging the passage of Senate bill 3685 and House bill 12039; to the Committee on Naval Affairs.

6492. By Mrs. ROGERS: Petition signed by Ella K. Littlefield and Harriet A. Littlefield, of Andover, Mass., on the Civil War pension bill; to the Committee on Pensions.

6493. By Mr. ROMJUE: Petition of Philip J. Fowler, J. G. Vansickel, et al., of Adair County, Mo., for passage of a Civil War pension bill carrying the rates proposed by the National Tribune; to the Committee on Invalid Pensions.

6494. By Mr. ROWBOTTOM: Petition of Otto Weilbrenner and others, of Mount Vernon, Ind., that bill for increase of pension for Civil War widows be enacted into a law at this session of Congress; to the Committee on Invalid Pensions.

6495. By Mr. SCHNEIDER: Petition of numerous residents of Oconto County, Wis., urging the passage of House bill 11410 proposing an amendment to the Volstead law which will make that law more workable, more effective, and easier to enforce; to the Committee on the Judiciary.

6496. By Mr. SINCLAIR: Petition of 61 residents of Regent, N. Dak., urging the early enactment of a Civil War pension bill granting increased pensions to veterans and their widows; to the Committee on Invalid Pensions.

6497. By Mr. SPEAKS: Petition signed by Mary J. Enderlin and some 25 residents of Franklin County, Ohio, urging that the name of Commodore Jack Barry be added to the list of great Americans in the amphitheater of Arlington Cemetery; to the Committee on the Library.

6498. By Mr. THOMPSON: Petition of citizens of Van Wert County, Ohio, urging higher rates of pension for Civil War veterans and widows; to the Committee on Invalid Pensions.

6499. By Mr. VINSON of Kentucky: Petition to increase the pension of Civil War veterans and widows; to the Committee on Invalid Pensions.

6500. By Mr. WAINWRIGHT: Petition of 432 residents of Peekskill, Mount Kisco, Buchanan, Montrose, and Crugers, Westchester County, N. Y., protesting against passage of House bill 78, known as Lankford compulsory Sunday observance bill; to the Committee on the District of Columbia.

6501. By Mr. WATSON: Petition from residents of Morrisville, Bucks County, Pa., urging increase in pensions for Civil War veterans and their widows; to the Committee on Invalid Pensions.

6502. By Mr. WOOD: Petition of citizens of Williamsport, Ind., asking that the Civil War pension bill become a law; to the Committee on Invalid Pensions.

6503. Also, petition of residents of the State soldiers' home at La Fayette, Ind., asking that the Civil War pension bill be enacted into law; to the Committee on Invalid Pensions.

6504. By Mr. WYANT: Petition of Clermont Commandery No. 395, Knights of Malta, of Derry, Westmoreland County, Pa., by Harry L. Heacox, recorder, protesting against Senate bill 1752, introduced by Senator Oddie, of Nevada; to the Committee on the Post Office and Post Roads.

6505. Also, petition of First Presbyterian Church, of Youngwood, Pa., favoring passage of Lankford bill (H. R. 78); to the Committee on the District of Columbia.

6506. By Mr. ZIHLMAN: Petition of residents of Lonaconing, Md., urging immediate action on the bill to provide relief for needy Civil War veterans and widows; to the Committee on Invalid Pensions.

SENATE

FRIDAY, *April 6, 1928*

Rev. Frederick Brown Harris, D. D., pastor of Foundry Methodist Episcopal Church of the city of Washington, offered the following prayer:

Our Father God, gather our wandering minds and our wayward spirits into Thy secret place as this day the world bows at an uplifted cross, sublime symbol of song through sacrifice, gain through loss, peace through struggle, might through meekness, and life through death. May we walk in Thy light, think in Thy truth, and live in Thy spirit. Help us to be done with low aims and petty prejudices and false prides. May our horizons be stretched out as we walk the ascending way of adventuring faith and of steadfast purpose to do the right as Thou dost give us to see the right.

In the ministry of government may Thy servants here seek to know Thy holy will and to do it with courage and faithfulness amid the shadows and confusions of these days. Make us all pioneers of a redeemed humanity, citizens of that radiant kingdom of Thy love, wherein shall dwell justice and peace and righteousness, and in which the might of arrogance, narrow intolerance, and grasping greed shall be no more. For this sublime goal of the race may our Nation be the obedient servant of Thy great purposes.

"With peace that comes of purity
And strength to simple justice due,
So runs our loyal dream of Thee.
God of our fathers! Make it true."

We ask it through riches of grace in Christ Jesus our Lord. Amen.

The Chief Clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday last, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 11133) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1929, and for other purposes; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SIMMONS, Mr. HOLADAY, and Mr. GRIFFIN were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1498. An act to extend the time for the construction of a bridge across the Chesapeake Bay, and to fix the location of said bridge;

S. 2549. An act providing for payment to the German Government of $461.59 in behalf of the heirs or representatives of the German nationals, John Adolf, Hermann Pegel, Franz Lipfert, Albert Wittenberg, Karl Behr, and Hans Dechantsreiter;

H. R. 6993. An act authorizing the Secretary of the Interior to sell and patent certain lands in Louisiana and Mississippi;

H. R. 8725. An act to amend section 224 of the Judicial Code;

H. R. 9137. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct a bridge across the Cumberland River on the projected State highway between Lebanon and Hartsville and Gallatin near Hunters Point, in Wilson and Trousdale Counties, Tenn.;

H. R. 9147. An act granting the consent of Congress to the Highway Department of the State of Tennessee to construct,